Public Accounts

of the province of

Prince Edward Island

Volume II

Operating Fund Financial Statements
Details of Revenues and Expenditures
Financial Statements of Agencies and Crown Corporations

For the Year Ended March 31st

2006

Public Accounts

of the province of

Prince Edward Island

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For the Year Ended March 31st

2006

2007-01584/

Province of Prince Edward Island
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The financial statements of Agencies, Boards and Crown Corporations provided in Volume II have been printed from electronic files provided by the organizations. In some cases signatures of directors and auditors have not been provided in the electronic files.

Province of
Prince Edward Island

Operating Fund

Financial Statements and Schedules

For the Year Ended March 31, 2006

Government of the Province of Prince Edward Island

Statement of Responsibility

Responsibility for the integrity, objectivity and fair presentation of the Operating Fund financial statements of the Province of Prince Edward Island rests with the Government. The financial statements are prepared by the Comptroller in accordance with the stated accounting policies of the Government as described in Note 2 of the financial statements.

These financial statements include a Statement of Financial Position, a Statement of Operations, a Statement of Change in Net Debt, a Statement of Cash Flows and notes and schedules integral to the statements. Together, they present fairly, in all material respects the Government's financial position at the fiscal year end and results of operations for the year ended March 31, 2006. More detailed information regarding the Government's financial position and operating results can be found in other sections of either Volume I or Volume II.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

On behalf of the Government

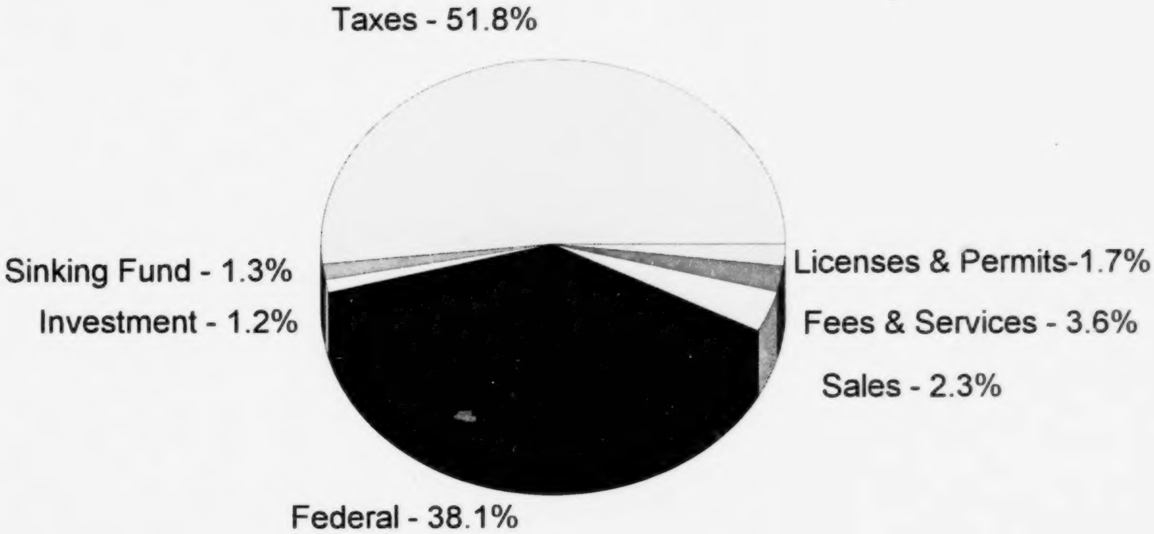
Mitch Murphy

Hon. Mitch Murphy
Provincial Treasurer

January, 2007

Revenue

Operating Fund

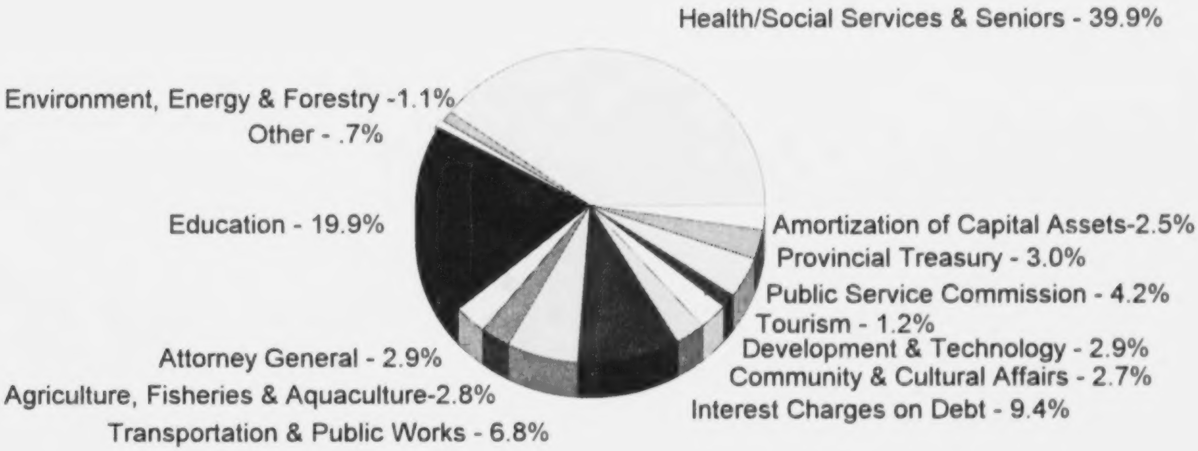


Total revenue for the Operating Fund in 2005-2006 was $1.13 billion, an increase of $66.6 million over the previous year.

Increases were mainly in Taxes ($56.7 million) and Fees and Services (8.3 million).

Expense by Ministry

Operating Fund

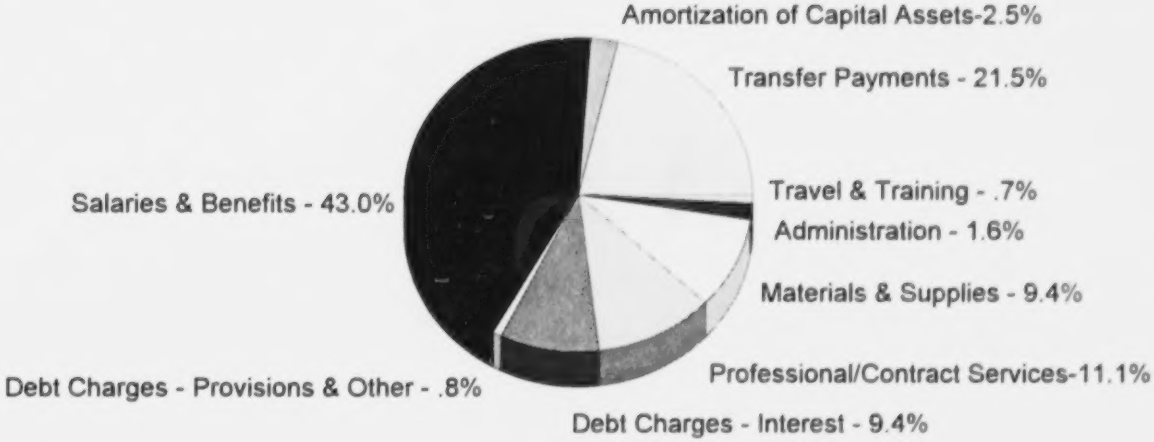


Total expense for the Operating Fund in 2005-2006 was $1.13 billion, an increase of $36.7 million over the previous year.

Increases were mainly in Health/Social Services and Seniors ($21.3 million), Public Service Commission ($15.1 million), Community and Cultural Affairs ($8.9 million), and Provincial Treasury ($5.5 million).The increases were partly offset by decreases in Transportation and Public Works ($8.1 million), and Agriculture, Fisheries and Aquaculture ($5.5 million).

Expense by Object

Operating Fund



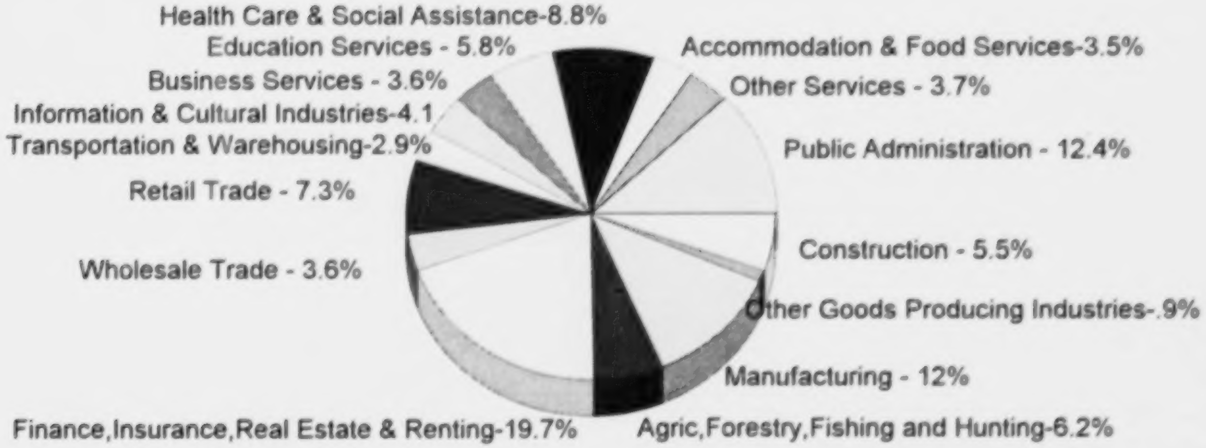
Total expense for the Operating Fund in 2005-2006 was $1.13 billion, an increase of $36.7 million over the previous year.

Increases include Salaries and Employee Benefits ($204.6 million), Materials and Supplies ($66.3 million), Professional and Contract Services ($13.2 million), Debt ($6.8 million), and Administration ($5.1 million). The increases in expenses were partly offset by decreases in Workforce Renewal Program ($14.1 million), and Transfer Payments ($257.2 million).

Due to the restructuring of Health and Social Services, expenses which were included in Transfer Payments to health agencies in previous years are now included in various categories which are reflected in the foregoing increases.

Gross Domestic Product Distribution - 2005

Prince Edward Island



Information provided by the PEI Department of Provincial Treasury from data provided by Statistic Canada.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Prince Edward Island

These financial statements report transactions and events of the Operating Fund only. Significant financial activities of the Government occur outside this Fund. Therefore, readers should not use the Operating Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole.

Volume 1 of the Public Accounts includes a more complete set of financial statements. Those statements are called the *Consolidated Financial Statements* of the Province of Prince Edward Island. Their purpose is to report the full nature and extent of the financial affairs and resources for which the Government is responsible. Please refer to those summary statements to understand and assess the Government's management of public financial affairs and resources as a whole.

I have audited the Operating Fund statement of financial position of the Province of Prince Edward Island as at March 31, 2006 and the statement of operations, change in net debt and cash flows for the year then ended. These statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these Operating Fund financial statements present fairly, in all material respects, the financial position of the Operating Fund of the Province of Prince Edward Island as at March 31, 2006 and the results of its operations, the change in net debt and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for governments as recommended by The Canadian Institute of Chartered Accountants.

Additional information and comments on the financial statements are included in my Annual Report to the Legislative Assembly.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
January 23, 2007

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Financial Position
as at March 31, 2006

Schedule		2006 ($000)	2005 ($000)
	FINANCIAL ASSETS		
1	Cash and Term Deposits	-	33,759
2	Accounts and Taxes Receivable	131,705	114,175
3	Treasury Advances	595	591
4	Property Holdings	111	-
5	Investments	4	4
6	Sinking Fund	265,926	188,641
7	Loans Receivable	197,508	221,574
	Total Financial Assets	**595,849**	**558,744**
	LIABILITIES		
1	Bank Advances	4,210	-
8	Deferred Revenue/Credits	27,387	28,635
9	Accounts Payable and Accrued Liabilities	200,734	177,239
10	Short Term Loans	15,000	85,000
11	Obligation Under Capital Leases	4,507	4,745
12	Pension, Retirement and Other Obligations	87,626	235,487
13	Loans Payable	174,742	29,450
14	Debentures	1,374,384	1,274,515
	Total Liabilities	**1,888,590**	**1,835,071**
	NET DEBT	**1,292,741**	**1,276,327**
	Non-Financial Assets		
15	Tangible Capital Assets	324,402	221,349
16	Inventories	7,830	3,515
17	Prepaid Expenses	1,884	1,068
		334,116	225,932
	Accumulated Deficit	**958,625**	**1,050,395**

Supplementary Information (see schedules)

18 Trust Funds
19 Guaranteed Debt

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Operations
for the year ended March 31, 2006

		2006 Unaudited Budget Excerpts ($000)	2006 Actual ($000)	2005 Actual ($000)
	REVENUE			
Schedule				
22	Taxes	556,934	586,911	530,197
23	Licenses and Permits	17,802	19,385	18,634
24	Fees and Services	39,040	40,320	32,033
25	Sales	32,256	26,023	29,556
26	Investment	11,501	13,249	13,648
27	Government of Canada	438,187	431,537	427,842
6	Sinking Fund Earnings	12,650	14,442	13,352
	Total Revenue	**1,108,370**	**1,131,867**	**1,065,262**
	EXPENSE			
28	Agriculture, Fisheries and Aquaculture	28,384	31,248	36,791
	Attorney General	32,664	32,358	32,545
	Auditor General	1,357	1,336	1,232
	Community and Cultural Affairs	23,088	30,543	21,611
29	Development and Technology	29,291	33,396	30,312
30	Education	222,997	225,802	226,584
31	Environment, Energy and Forestry	12,450	12,703	12,335
	Executive Council	4,160	2,923	2,698
	Health and Social Services (Note 10)	-	-	431,829
	Health (Note 10)	343,467	343,243	-
	Social Services and Seniors (Note 10)	108,522	109,876	-
	Legislative Assembly	3,615	3,920	3,410
32	Provincial Treasury	44,469	34,445	28,984
33	Public Service Commission	33,999	47,446	32,327
	Tourism PEI	12,178	13,272	12,442
34	Transportation and Public Works	80,724	77,021	85,078
	Total Program Expense	**981,365**	**999,532**	**958,178**
	Interest Charges on Debt	107,970	106,878	102,087
	Workforce Renewal Program	-	-	14,115
15	Amortization of Tangible Capital Assets	29,354	27,645	22,985
	Total Expense	**1,118,689**	**1,134,055**	**1,097,365**
	SURPLUS (DEFICIT)	**(10,319)**	**(2,188)**	**(32,103)**
	Accumulated Surplus (Deficit), Beginning of Year		(1,050,395)	(1,020,877)
	Adjustment for accounting change - Inventories (Note 3)		3,624	2,585
	Adjustments - Future Employee Benefits (Note 3)		(3,001)	-
	Adjustment - Prince Edward Island Housing Corporation (Note 3)		(12,148)	-
	Transfer of Health Agencies Capital Assets (Note 10)		105,483	-
	Accumulated Surplus (Deficit), End of Year		**(958,625)**	**(1,050,395)**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND
Operating Fund
Statement of Change in Net Debt
for the year ended March 31, 2006

	2006 Unaudited Budget Excerpts ($000)	2006 Actual ($000)	2005 Actual ($000)
Annual Deficit	10,319	2,188	32,103
Increase (Decrease) in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	22,380	25,426	16,593
Amortization of Tangible Capital Assets	(29,354)	(27,645)	(22,985)
Net Book Value of Tangible Capital Asset Disposals	-	(211)	(260)
	(6,974)	(2,430)	(6,652)
Increase (Decrease) in Inventory	-	804	930
Increase (Decrease) in Prepaid Expenses	-	816	(937)
Adjustment - Reclassification of Land (Tax Sales)	-	(113)	-
Adjustment - Prince Edward Island Housing Corp. (Note 3)	-	12,148	-
Adjustments re: Future Employee Benefits (Note 3)			
Pension Amortization & Interest Expense	-	1,734	-
Teachers' WCB Liability	-	1,267	-
	-	3,001	-
Increase in Net Debt	3,345	16,414	25,444
Net Debt, Beginning of Year	1,276,327	1,276,327	1,250,883
Net Debt, End of Year	**1,279,672**	**1,292,741**	**1,276,327**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Cash Flows
for the year ended March 31, 2006

	2006 ($000)	2005 ($000)
Operating Activities		
Surplus (Deficit) for the year	(2,188)	(32,103)
Amortization of Tangible Capital Assets	27,645	22,985
Adjustment - Prince Edward Island Housing Corporation	(12,148)	-
Adjustment for Future Employee Benefits	(3,001)	-
Changes in:		
Accounts and Taxes Receivable - (Increase) Decrease	(17,530)	(12,565)
Treasury Advances - (Increase) Decrease	(4)	(5)
Property Holdings - (Increase) Decrease	(111)	24,838
Prepaid Expenses - (Increase) Decrease	(816)	937
Inventories - (Increase) Decrease	(691)	(930)
Deferred Charges - Increase (Decrease)	-	(17,240)
Deferred Revenue - Increase (Decrease)	(1,248)	22,030
Accounts Payable and Accrued Liabilities - Increase (Decrease)	23,495	6,736
Pension, Retirement and Other Obligations - Increase (Decrease)	(147,861)	9,109
Cash Provided by (Used for) Operating Activities	**(134,458)**	**23,792**
Investing Activities		
Changes in:		
Loans Receivable - (Increase) Decrease	24,066	(10,037)
Cash Provided by (Used for) Investing Activities	**24,066**	**(10,037)**
Capital Activities		
Acquisition of Tangible Capital Assets	(25,426)	(16,593)
Disposal of Tangible Capital Assets	211	260
Cash Provided by (Used for) Capital Activities	**(25,215)**	**(16,333)**
Financing Activities		
Debentures Issued	108,975	210,500
Debentures Matured	(8,975)	(77,127)
Changes in:		
Short Term Loans - Increase (Decrease)	(70,000)	(125,000)
Long Term Loans - Increase (Decrease)	145,292	(426)
Debenture Discount - (Increase) Decrease	(131)	-
Obligation Under Capital Leases - Increase (Decrease)	(238)	(222)
Sinking Fund - (Increase) Decrease	(77,285)	33,032
Cash Provided by (Used for) Financing Activities	**97,638**	**40,757**
Increase (Decrease) in Cash and Short Term Deposits	(37,969)	38,179
Cash and Short Term Deposits (Bank Advances), beginning of year	33,759	(4,420)
Cash and Short Term Deposits (Bank Advances), end of year	**(4,210)**	**33,759**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Notes to the Operating Fund Financial Statements
For the year ended March 31, 2006

1 (a) Reporting Entity

In accordance with the Financial Administration Act, the financial position of the Operating Fund is presented by a Statement of Financial Position. The Operating Fund receives all revenues unless otherwise specified by law. Spending from the Operating Fund is appropriated by the Legislative Assembly.

Government entities, such as agencies and crown corporations, report separately in other financial statements. The Province's consolidated financial statements includes the combined financial position and financial activities of the Operating Fund and other government entities. The consolidated financial statements are provided separately.

(b) Definitions

Capital Expenditure
Expenditures incurred in the acquisition, development or construction of capital assets and equipment with a cost of $75 thousand or greater. For motor vehicles the threshold amount is $20 thousand. They do not include operational expenses.

Tangible Capital Assets
Non-financial assets that are held for use in the production or supply of goods and services, have useful lives extending beyond one accounting period and are not intended for sale in the ordinary course of operations.

Ordinary Expenses:
Administration
Includes the costs associated with the operation and administration of an office.

Debt
Includes the cost of servicing the public debt and provision for losses.

Materials and Supplies
Includes the cost of consumable supplies required in day to day operations.

Professional and Contract Services
Includes professional and contract services from non - government individuals or organizations.

Salary and Employee Benefits
Includes costs associated with employment of individuals such as salaries, severance and retirement allowances, workers compensation and employer share of insurance, Blue Cross, Canada Pension Plan, employment insurance, etc.

Travel and Training
Includes all costs associated with travel and training of provincial government employees.

Transfer Payments
Payments to individuals, organizations or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the

Province as expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

2 (a) **Basis of Accounting**

The Province of Prince Edward Island accounts for its financial transactions in accordance with generally accepted accounting principles, which for the purposes of the Province's financial statements is reprsented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards.

(b) **Financial Assets**

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Cash represents cash position including bank balances and term deposits.

Receivables are recorded for all amounts due for work performed and goods or services supplied in the fiscal year. A provision for loss is established for doubtful accounts.

Property Holdings are recorded at the lower of cost or net realizable value.

Investments are recorded at the lower of cost or net realizable value.

Sinking Fund assets are recorded at cost plus accrued interest. A portion of the Sinking Fund assets are externally restricted.

Loans Receivable are recorded at cost less adjustments for impairments in value and concessionary terms. Where concessionary terms apply loans are reported at their net present value. A provision for loss is established for doubtful accounts.

(c) **Liabilities**

Bank advances represent net cash position including bank balances and term deposits.

Deferred revenue represents amounts received but not earned.

Payables, accruals and other liabilities are recorded for all amounts due for work performed, goods or services received and other charges incurred in the fiscal year.

Borrowings are recorded at face value less adjustments for concessionary terms.

Obligation under capital leases represents the liability recorded for contractual arrangements which are deemed to be capital leases. Establishment of a capital lease recognizes the lease contract as a financing tool to acquire an asset.

Pension, Retirement and Other Future Employee Benefit Obligations represent the Province's net liability as calculated using an accrued benefits actuarial method on an accounting basis. The net pension liability represents the present value of accrued pension benefits less the market value of pension assets plus or minus deferred gains or losses to be amortized.

Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for the Province to settle these amounts with cash payments. Consequently, no liability has been calculated by the Province and no accrual has been recorded in these financial statements for accumulated sick leave benefits.

Debentures represent the gross funded debt of Province of PEI public debenture issues and Canada Pension Plan debenture issues.

(d) Net Debt

The Province's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Province is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated deficit.

Non-Financial Assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible capital assets are valued at historical cost, or estimated cost where historical cost information is not available. Amortization is calculated using the straight line method at the following rates:

Buildings and Improvements	10 - 40 years
Leasehold Improvements	Based on length of lease
Roads	10 - 20 years
Bridges	20 - 40 years
Motor Vehicles	5 - 10 years
Equipment	5 - 10 years
Other	5 - 40 years

Tangible capital assets do not include works of art and historical treasures because a reasonable estimate of the future benefits associated with such property cannot be made. Works of art and historic property consist mainly of paintings, drawings, prints, artifacts and photographs. The costs of works of art and historic property are charged to expense in the fiscal year in which they are acquired.

Inventories consist of materials on hand which were purchased for consumption or use by the Province in the course of its operations. Inventories are recorded at cost and expensed as they are consumed or sold.

Prepaid expenses are goods and services purchased which will provide economic benefits in future periods.

Accumulated Deficits

Accumulated deficits is the net debt of the Province less non-financial assets. It represents the accumulated balance of deficits from operations of the Province.

(e) Revenues

Revenues are recorded on an accrual basis. Transfers from the Government of Canada, under Federal - Provincial fiscal arrangements, are based on estimates which will be adjusted against future years revenues when actual results become available.

(g) Expenses

Expenses are recorded on an accrual basis.

Capital expenditures are incurred in the acquisition, development or construction of tangible capital assets.

They do not include operational expenses. The acquisition of tangible capital assets are not reported as expenses in the year the assets are acquired. Tangible capital assets are included in the Province's Statement of Financial Position as non-financial assets and are amortized over their estimated useful life.

3 Adjustments to Accumulated Surplus

(a) Change in Accounting Policy - Inventory Inclusion

For the fiscal year 2004-2005 the Province implemented Public Sector Accounting Board standards for the recording of inventories. For 2004-2005 the opening accumulated deficit was reduced by $2.6 million on the initial recognition of inventories. At March 31, 2006 additional inventories for drugs, hospital and bus depot supplies are being recognized. The initial recognition of these inventories has been made through a $3.6 million reduction of the 2005-2006 opening accumulated deficit.

(b) Future Employee Benefits

Workers Compensation - Teachers

At March 31, 2006 the Province recorded a liability of $1.4 million for estimated future costs of teachers' workers compensation. This liability was not recorded in previous financial statements of the Province. For 2005-2006 opening accumulated deficit has been increased by $1.3 million to record the amount of the liability at March 31, 2005.

Adjustment to Pension Amortization and Interest Expense

Due to the discovery of a valuation error in the health sector retirement pay liability at April 1, 2002 the 2005-2006 opening accumulated deficit has been increased by $1.7 million. This adjustment represents the effect the error had on pension liability amortization and interest expense for the years 2002-2003 to 2004-2005.

(c) PEI Housing Corporation Amortization Adjustment

To conform with Canadian generally accepted accounting principles, the Housing Corporation has changed its amortization method for buildings to the straight line method. Previously these assets were amortized in accordance with the principal repayments of corresponding long-term indebtedness. This change has been applied on a retrospective basis by the Housing Corporation and its financial statements have been restated effective April 1, 2004. For 2005-2006 the accumulated deficit of the Operating Fund has been increased by $12.1 million to record the effect of the changes.

4 Province of Prince Edward Island Sinking Fund

(a) Description of Sinking Fund

The Province of Prince Edward Island Sinking Fund was established to reserve funds to meet future commitments and for debt retirement. Earnings on Sinking Funds are reflected as current revenue.

Those funds in the Sinking Fund designated for debentures are considered to be externally restricted and as a result can not be used for other purposes. Installment payments are made to the Sinking Fund from the Operating Fund, they are allocations within the Operating Fund, and as such, are not treated as an expense. The installment payments for the next five years are:

	($000)
2006-2007	16,358
2007-2008	15,658
2008-2009	14,500
2009-2010	14,500
2010-2011	13,125

During 2005-2006 additional discretionary contributions of $48.7 million were made to the Sinking Fund for under funded debentures. It is anticipated that a further contribution of approximately $52 million will be made in 2006-2007.

(b) PEI Issues Held by the Sinking Fund

As at March 31, 2006 Sinking Fund investments includes PEI Issues held but not cancelled in the amounts of:

	($000)		($000)
Debentures - Par Value	59,685	Book Value	64,477
Residuals - Par Value	129,855	Book Value	72,524

5 Solid Waste Landfill Closure and Post-Closure Liability

The collection and disposal of all solid waste generated in Prince Edward Island is included in the mandate of Island Waste Management Corporation (IWMC), a provincial agency. IWMC is responsible for liabilities related to the closure and post-closure costs of the East Prince Landfill Site, which was in use at March 31, 2006. IWMC is also responsible for monitoring and dealing with post-closure issues at four landfill sites and approximately one hundred smaller community dumps which were closed prior to 2003. The Province is responsible for the costs associated with the closure and decommissioning of the sites closed prior to 2003.

IWMC has included in its liabilities at March 31, 2006 an obligation associated with the retirement, closure and post-closure costs of the East Prince Landfill Site in the amount of $1.2 million (2005 - $1.1 million). The Province recognizes its responsibility regarding landfill sites closed prior to 2003 but at this time is unable to estimate the costs involved due to the absence of a formal action plan. A provisional amount of $350 thousand, established in 2003 to deal with future costs, is included in accounts payable and accrued liabilites.

6 Commitments

The nature of the Province's activities results in commitments against future appropriations through various multi-year contracts and obligations. Payments in respect of these contracts and agreements are subject to the approval of the Legislature through the annual budget process. Significant financial commitments at March 31, 2006 include:

(a) University of Prince Edward Island

The Province has committed to make payments over a sixteen year period, beginning in 2003/04, in the amount of $376,500 per year to the University of Prince Edward Island for the purpose of debt servicing.

(b) Leases

The Province is party to a substantial number of lease agreements for the rental of space and equipment. The following schedule shows the minimum annual lease payments in each of the next five years for those leases which are considered significant in relation to future operations:

Fiscal Year	Lease Payments ($000)
2006-2007	4,918
2007-2008	3,959
2008-2009	3,639
2009-2010	3,256
2010-2011	3,088

Capital Leases
Costs associated with renovations to the Davies and Kelly Law Courts Buildings have been recorded as capital leases. These capital lease obligations are recorded as liabilities in the Statement of Financial Position.

7 Contingent Liabilities

(a) Claims Outstanding

The Province is subject to legal actions arising in the normal course of business. At March 31, 2006 there were twenty-six (2005 - twenty-eight) outstanding claims arising from legal action in progress against the Crown. The cost to the Province, if any, cannot be determined because the outcome of these actions is uncertain.

The cost, if any, of twenty three of the twenty-six claims outstanding will be paid through the Prince Edward Island Self-Insurance and Risk Management Fund. The Prince Edward Island Self-Insurance and Risk Management Fund was established in 1988 under Part II of the Financial Administration Act. The Fund provides general liability insurance, errors and omissions insurance and primary property and crime insurance. At March 31, 2006, fund reserves were $7.2 million (2005 - $7.2 million). Claims amounting to $1 million were settled in the current year (2005 - $1 million). The estimated amount for claims outstanding at March 31, 2006 is $.8 million (2005 - $1.2 million). The fund carries an excess liability policy limiting the liability of the fund to $5 million on individual claims.

The three claims not being paid through the Self-Insurance and Risk Management Fund relate to allegations of abuse at the former Mt Herbert Orphanage. No allowance provision has been made for costs, if any, which may result from these claims

(b) Credit Union Deposit Insurance Corporation

The Credit Unions Act states that the Province shall ensure that the obligations of The Credit Union Deposit Insurance Corporation (CUDIC) are carried out. The CUDIC provides deposit insurance coverage on deposits within established limits held by PEI credit unions. The CUDIC is funded by an assessment on insurable deposits in each of the ten credit unions. The Province holds two director positions on the CUDIC Board of Directors. At December 31, 2005 the CUDIC had an equity balance of $6.2 million (2004 - $5.5 million).

Based on unaudited information, at September 30, 2005 credit unions in Prince Edward Island held insurable deposits totalling $462.6 million (2004 - $433.3 million). The probability that the Province would be called upon to provide financial support to the CUDIC is unlikely due to the equity held by the CUDIC, Credit Union Central of Prince Edward Island and the ten credit unions on PEI.

(c) Guaranteed Debt

The Province has guaranteed the repayment of a variety of types of loans, including student loans.

Guarantees amounting to $165 million (2005 - $144.2 million) are reported in Schedule 19

8 Pension, Retirement and Other Obligations

(a) Basis of Accounting for Obligations

The Province has adopted the recommendations of the Public Sector Accounting Board (PSAB) in accounting for its pension and other retirement obligation liabilities. Assumptions used in the valuation of these benefits and obligations are developed on two criteria; for funding purposes and for accounting purposes. The Province uses assumptions developed for accounting purposes.

(b) Pension Funds

Civil Service Superannuation Fund
Employees of the Province and certain of its' entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions equal to 6.95 percent of their salary (8.75 percent when not contributing to CPP) with the Province matching those contributions. Investments of the Fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due. Pension benefits are based on the number of years of service times 2% of the best three years' average salary. The plan provides for inflation protection to a maximum of 6 percent.

Teachers' Superannuation Fund
The Teachers' Superannuation Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teachers' Superannuation Fund which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions equal to 7.2 percent of their salary (9 percent when not contributing to CPP) with the Province matching those contributions. Investments of the Fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Teachers' Supernnuation Fund is insufficient to provide for pension payments as they become due. Pension benefits are based on the number of years of service times 2% of the best five years' average salary. The plan provides for inflation protection to a maximum of 4%.

Pension Plan for Members of the Legislative Assembly
The Legislative Assembly Act provides for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, and Opposition Whip. The Commission established the "Pension Plan for Members of the Legislative Assembly of Prince Edward Island". This plan operates within the Pension Plan for Members of the Legislative Assembly of Prince Edward Island Fund and is not part of the Operating Fund of the Province. The plan is funded by contributions from the members of the Legislative Assembly equal to 8 percent of their salary. Investments of the Fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The Province is required to make contributions to the Fund to ensure that there is sufficient money to cover the cost of current service accruals as well as provide for the proper amortization of any unfunded liability. The plan text and tax legislation requires that an employer contribution holiday must be taken while the plan is in a surplus position. Pension benefits are based on criteria which is different

depending on the period of service. The criteria for the different periods are as follows:

a. for the period up to and including June 30, 1994, annual members' pensions are equal to the lessor of 75% of contributions and the average annual indemnity during the last five years of service. Annual Ministers' pensions are equal to the lesser of 75% of contributions and one half of the highest annual salary as a Minister.

b. for the period July 1, 1994 to March 31, 2001, benefits are based on the number of years of service times 2% of the best thirty-six consecutive months' average indemnity and salary earned by the member.

c. for the period on or after April 1, 2001, benefits are 25% of the required contributions made by the participants commencing after April 1, 2001, indexed annually by the percentage increase in the Consumer Price Index, subject to a maximum increase of 8% per annum.

The plan provides a pre-retirement inflation protection equal to the increase in the Consumer Price Index to a maximum of 8%. Post-retirement inflation protection is the increase in the Consumer Price Index minus 2%, to a maximum of 8%.

Pension Plan for Members of the Legislative Assembly (Supplementary)
The supplementary to the Pension Plan for Members of the Legislative Assembly was established effective April 1, 1999. The plan provides a pension which is supplementary to the benefits provided under the Pension Plan for Members of the Legislative Assembly. Supplementary benefits are provided for service rendered subsequent to June 30, 1994 and the amount of benefit is approximately equal to those benefits provided under the Members of the Legislative Assembly of Prince Edward Island. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 8%.

Senior Compensation Program
An executive compensation plan is provided to the senior management of the Province. The plan provides a pension which is supplementary to the benefits provided under the Civil Service Superannuation Act. Pension benefits are based on the number of years' participation in the Senior Compensation Program to a maximum of 5 years times 2% of the best three years' average salary. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 6%.

Pension Plan for Judges - Old
The Provincial Court Act provides a pension plan for Provincial Court judges who were appointed before April 1, 1997. Pension benefits are based on two-thirds of the salary payable to the judge at the time of retirement. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due.The plan provides for inflation to a maximum of 8%.

Pension Plan for Judges - New
The Provincial Court Act established a Judicial Remuneration Review Commission which reviews salary, benefits and expenses paid to judges. In February 2002, the Commission approved the establishment of a pension plan for judges appointed after March 31, 1997 which is supplementary to the benefits provided under the Civil Service Superannuation Act. Pension benefits are based on the number of years' service times 3% of the best three years' average salary less benefits received under the Civil Service Superannuation Plan. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation protection to a maximum of 6%.

Summary of Plan Membership, Contributions and Payments

	31-Mar-06	31-Mar-05
Civil Service Superannuation Fund		
Number of Active Members	3,070	2,900
Employee Current Service Contributions	$9.9 million	$9.5 million
Number of Retirees	1,744	1,571
Benefit Payments	$29.7 million	$24.6 million
Teachers' Superannuation Fund		
Number of Active Members	1,662	1,688
Employee Current Service Contributions	$6.4 million	$6.3 million
Number of Retirees	1,336	1,224
Benefit Payments	$32.2 million	$29.0 million
Pension Plan for Members of the Legislative Assembly		
Number of Active Members	25	26
Employee Current Service Contributions	$123.8 thousand	$123.5 thousand
Number of Retirees	74	76
Benefit Payments	$1.19 million	$1.17 million
Pension Plan for Members of the Legislative Assembly (Supplementary)		
Number of Active Members	25	26
Number of Retirees	26	25
Benefit Payments	$92 thousand	$88 thousand
Senior Compensation Program		
Number of Active Members	25	23
Number of Retirees	27	27
Benefit Payments	$305 thousand	$335.8 thousand
Pension Plan for Judges - Old		
Number of Active Members	2	2
Number of Retirees	3	3
Benefit Payments	$290.4 thousand	$234.3 thousand
Pension Plan for Judges - New		
Number of Active Members	1	1
Number of Retirees	0	0

Actuarial Valuations / Estimates

Actuarial valuations of the Province's pension funds are carried out every three years. An estimated update, which is a partial calculation based on an extrapolation of the most recent valuation, is calculated by the Province at the end of each fiscal year.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group which is 6 years for MLAs, 14 years for TSF and 13 years for all other groups.

Actuarial valuations and estimates are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The assumptions for the valuations are as follows:

	01-Apr-06	01-Apr-05
Expected Inflation Rate	2.75%	2.75%
Discount Rate Used to Determine Accrued Obligation	7.63%	7.63%
Expected Rate of Return on Plan Assets	7.63%	7.63%

Pension fund assets are valued at market values. The actual return on plan assets was 13.5% in 2006 (2005 5.9%).

The following are the most recent actuarial valuations for the Province's three pension funds:

	Civil Service Fund	Teachers' Fund	MLA Fund
Date of Valuation	01-Apr-05 **($000)**	01-Apr-05 **($000)**	01-Apr-06 **($000)**
Actuarial Liability	575,838	516,144	15,221
Fund Assets	502,034	308,635	22,598
Unfunded Liability (Surplus)	**73,804**	**207,509**	**(7,377)**

The following are the actuarial estimates at March 31, 2006

	Gross Pension Obligation 31-Mar-06 **($000)**	Pension Assets 31-Mar-06 **($000)**	Unamortized Actuarial Adjustments 31-Mar-06 **($000)**	Net Pension Obligation 31-Mar-06 **($000)**	Net Pension Obligation 31-Mar-05 **($000)**
Civil Service Pension Fund	606,024	558,574	(31,081)	16,369	8,998
Teachers' Pension Fund	532,450	496,695	(40,824)	(5,069)	148,967
MLA Pension Fund	15,221	22,598	334	(7,043)	(6,206)
MLA Plan (Supplementary)	4,042	-	41	4,083	3,536
Senior Comp. Pension Plan	7,261	-	572	7,833	7,450
Judges Pension Plan (Old)	4,832	-	(267)	4,565	4,402
Judges Pension Plan (New)	236	-	28	264	207
Totals	**1,170,066**	**1,077,867**	**(71,197)**	**21,002**	**167,354**

(c) Retirement and Other Benefits

Employees of the Province are entitled to retirement allowances as provided for under collective agreements and terms of employment. Other benefit entitlements include workers compensation funding and payment of insurance policies. The Province obtains actuarial calculations of its liability for future employee benefits.

The following balances are actuarial estimates of future commitments to employees:

	Gross Benefit Obligation 31-Mar-06 **($000)**	Benefit Assets 31-Mar-06 **($000)**	Unamortized Actuarial Adjustments 31-Mar-06 **($000)**	Net Benefit Obligation 31-Mar-06 **($000)**	Obligation 31-Mar-05 **($000)**
Retirement Pay	54,174	-	(7,848)	46,326	49,383
Insurance Policies	4,624	1,274	(1,060)	2,290	1,840
Workers Compensation	14,120	-	3,888	18,008	16,910
Totals	**72,918**	**1,274**	**(5,020)**	**66,624**	**68,133**

(d) Cost of Pension, Retirement and Other Obligations

The following schedule presents the costs of future employee benefits for the year ended March 31, 2006:

	Current Service Cost **($000)**	Net Interest Cost **($000)**	Employee and Other Contributions **($000)**	Amortization of Actuarial Adjustments **($000)**	Net Cost **($000)**
Civil Service Pension Fund	16,458	5,497	(10,672)	5,254	16,537
Teachers' Pension Fund	9,976	3,519	(6,393)	5,203	12,305
MLA Pension Fund	265	(498)	(124)	(479)	(836)
MLA Plan (Supplementary)	488 *	285	-	(134)	639
Senior Comp. Pension Plan	244	517	-	(73)	688
Judges Pension Plan (Old)	112	349	-	(8)	453
Judges Pension Plan (New)	71 **	15	-	(29)	57
Total Pension	27,614	9,684	(17,189)	9,734	29,843
Retirement Pay	3,917	3,049	-	776	7,742
Insurance Policies	216	169	-	115	500
Workers Compensation	865	750	-	(357)	1,258
Total Other	4,998	3,968	-	534	9,500
Totals	**32,612**	**13,652**	**(17,189)**	**10,268**	**39,343**

* Current service cost for MLA Plan (Supplementary) includes a plan amendment cost of $86 thousand due to a change effective April 1, 2005 where an MLA is entitled to unreduced pension benefits at the age of 55. The Amortization of Actuarial Adjustments includes an additional amount equal to the cost of this plan amendment.

** Current service cost for Judges Pension Plan (New) includes a plan amendment cost of $27 thousand due to a change effective April 1, 2005 that increased the accrual rate from 2.75% to 3%.

(e) Other Pension Plan

Employees of the Department of Health and the Department of Social Services and Seniors, who are not part of the civil service pension plan, are part of the Uniform Pension Plan for Employees of the Health and Community Services System of PEI. The Uniform Pension Plan is comprised of two parts: a defined benefit pension plan for salary up to the Canada Pension Plan's yearly maximum pensionable earnings and a defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report, dated January 1, 2006, contributions to the pension plan are not sufficient to meet the requirements of the plan and a pension fund deficit in the amount of $18.6 million existed at that date.

At its November 15, 2006 meeting, Treasury Board approved the amalgamation of the Uniform Pension Plan with the Civil Service Superannuation Pension Plan. The final phase of the amalgamation is expected to be completed in the 2007-2008 fiscal year. An estimate of the effect on the pension obligation of the Civil Service Superannuation Fund has not been made.

For the above described pension plan the Province records expense equal to the employer contributions and does not include the unfunded liability or surplus in the pension liability of the Province.

9 Supplementary Funding Provided by the Government of Canada

The Province has been receiving, from the Government of Canada, supplementary funding for health care and for other purposes. The Federal Government has set up trust funds to administer some of these special transfers. The Province is recording the supplementary funding as follows:

Medical Equipment

$13.3 million received from the Government of Canada and recorded as deferred revenue upon receipt. The funds are used to purchase medical equipment. $3.2 million was applied against the cost of medical purchases in 2005-2006. At March 31, 2006 $3.1 million remained unspent.

Wait Times Reduction

$18.2 million received from the Government of Canada. Revenue is recorded per the time frames established under the trust fund established by the Federal Government.

2004-2005	2.7 million
2005-2006	2.7 million
2006-2007	5.1 million
2007-2008	5.1 million
2008-2009	2.6 million
Total	18.2 million

Early Learning and Child Care

$3 million received from the Government of Canada. $1.3 million was recorded as revenue in 2005-2006. At March 31, 2006 $1.7 million remained unspent and unrecorded as revenue.

New Deal for Cities and Communities

$4.5 million received from the Government of Canada. $2.1 million was recorded as revenue in 2005-2006. At March 31, 2006 $2.4 million remained unspent and unrecorded as revenue.

10 Restructuring of Departments

Effective April 1, 2005 the following changes were made to the Province's Ministries:

- The Department of Health and Social Services was discontinued.
- The Department of Health was established.
- The Department of Social Services and Seniors was established.

Effective April 1, 2005 responsibilty for the programs and services provided by the four regional health authorities and the Provincial Health Services Authority was transferred to the two newly established government departments (Health and Social Services and Seniors).

Due to nature of the allocation of programs and services between the two newly established Departments the changes described above have not been applied retroactively and 2004-2005 revenues and expenses have not been restated for comparative purposes.

Effective April 1, 2005 the assets and liabilities of the five health agencies were transferred to the Province's Operating Fund. For 2005-2006 opening accumulated deficit has been decreased by $105.5 million to record the net book value of tangible capital assets at March 31, 2005. In addition $3 million of the $3.6 million inventory adjustment described in Note 3 relates to the transfer of assets from the health agencies.

11 Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. When estimates are used it is possible that there could be a material variance between the recorded amount and another reasonably possible amount. The accuracy of estimates depends on the completeness and quality of information available at the time of preparation of financial statements. Estimates are adjusted annually to reflect new information as it becomes available. Examples of where measurement uncertainty exists in these financial statements are the calculation of future pension obligations and the provision for losses on loans and accounts receivable.

12 Comparative Figures

Certain 2005 financial statement figures, presented for comparative purposes, have been reclassified to conform with 2006 financial statement presentation.

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund

Schedules to Statement of Financial Position

as at March 31, 2006

	2006 ($000)	2005 ($000)
1 Cash and Short Term Deposits		
Operating Fund Bank Accounts		
Bank Balance (Overdraft)	5,150	(4,439)
Deposits in Transit	984	261
Uncashed Cheques	(7,332)	(2,063)
Treasury Notes	-	40,000
	(1,198)	33,759
Department of Health Bank Accounts	(3,012)	-
	(4,210)	**33,759**
2 Accounts and Taxes Receivable		
Taxes	70,563	69,479
Department of Health	13,902	-
Government of Canada	33,046	26,015
Agencies, Boards and Crown Corporations	5,752	10,580
Interest	2,032	1,820
Other	10,269	8,831
	135,564	116,725
Provision for Doubtful Accounts (Schedule 20)	(3,859)	(2,550)
	131,705	**114,175**
3 Treasury Advances		
Cash Floats	29	17
Employee Health Club Memberships	28	33
Nova Scotia Health Advance	535	535
Salary and Travel	3	6
	595	**591**
4 Property Holdings		
Land (Tax Sales)	111	-
	111	**-**
5 Investments		
Summerside Regional Development Corporation	2	2
Charlottetown Area Development Corporation	2	2
	4	**4**

6 Sinking Fund

	2006 ($000)	2005 ($000)
FINANCIAL ACTIVITIES		
Sinking Fund Earnings		
Investment Earnings	14,461	13,781
Amortization and Bank Charges	(19)	(429)
Net Sinking Fund Earnings	**14,442**	**13,352**
Instalments from Operating Fund	14,160	12,911
Special Contribution from Operating Fund	48,683	
Debentures Redeemed	-	(59,295)
Increase (Decrease) in Sinking Fund Reserves	77,285	(33,032)
Sinking Fund Reserves, Beginning of Year	188,641	221,673
Sinking Fund Reserves, End of Year	**265,926**	**188,641**

FINANCIAL POSITION

	2006	2005
Assets		
Cash	376	22
Accrued Interest	2,243	1,550
Accounts Receivable	14,217	6,525
	16,836	8,097
Investments, at cost (Note)	249,094	180,545
Total Assets	**265,930**	**188,642**
Liabilities		
Accounts Payable	4	1
Sinking Fund Reserves	265,926	188,641
Total Liabilities and Fund Reserves	**265,930**	**188,642**

Note - Market value of investments $276.2 million (2005 - $209.8 million)

	2006 ($000)	2005 ($000)
7 Loans Receivable		
Debentures - Long Term		
Charlottetown Area Development Corporation	7,187	7,417
Communities 13 Inc	487	520
Community Development	449	175
Gateway Village Development Inc	-	479
Golf Links PEI	7,088	7,263
Island Waste Management Corporation	1,665	1,530
Ocean Choice Seafoods	12,750	13,500
P.E.I. Business Development Inc	18,780	25,672
P.E.I. Energy Corporation	5,650	6,050
P.E.I. Housing Corporation	4,618	5,458
P.E.I. Lending Agency	128,698	123,647
P.E.I. Liquor Control Commission	4,484	4,850
Stratford Pollution Control Commission	7	13
Summerside Regional Development Corporation	-	459
	191,863	197,033
Debentures - Short Term		
Island Waste Management Corporation	900	4,290
Golf Links PEI	3,400	2,700
P.E.I. Business Development Inc	-	14,623
P.E.I. Energy Corporation	5,783	-
P.E.I. Lending Agency	5,900	11,100
Tourism PEI	400	-
	16,383	32,713
Total - Debentures	208,246	229,746
Other Loans		
Employee Computer Loans	282	569
School Board Computer Loans	-	52
	282	621
Total Loans Receivable	208,528	230,367
Provision for Doubtful Accounts (Schedule 20)	(6,778)	(3,957)
Adjustment for Interest Concession - Ocean Choice Seafoods	(4,242)	(4,836)
	197,508	**221,574**

	2006 ($000)	2005 ($000)
8 Deferred Revenue/Credits		
Government of Canada - Wait Times Reduction Funding	12,804	15,492
- Medical Equipment Funding	3,081	6,265
- Canada Study Grants	201	934
- Early Learning and Childcare	1,673	-
- New Deals For Communities	2,436	-
Motor Vehicle Registry	5,323	5,084
Department of Health	1,002	-
Other	867	860
	27,387	**28,635**

	2006 ($000)	2005 ($000)
9 Accounts Payable and Accrued Liabilities		
Goods & Services	54,771	47,213
Government of Canada	1,112	5,289
Due to Agencies, Boards, & Crown Corporations	28,357	51,463
Wages and Benefits	39,715	11,331
Due to Sinking Fund and Special Funds	15,011	7,608
Interest	23,997	21,129
Provision for Solid Waste Landfill Closures (Note 5)	350	350
Provision for Loan Guarantees (Schedule 20)	6,902	5,093
Other	30,519	27,763
	200,734	**177,239**
10 Short Term Loans		
Treasury Notes	15,000	85,000
	15,000	**85,000**
11 Obligation Under Capital Leases		
Law Court Buildings	4,507	4,745
	4,507	**4,745**
12 Pension, Retirement and Other Obligations		
Civil Service Superannuation Fund	16,369	8,998
Teachers' Superannuation Fund	(5,069)	148,967
Pension Plan for Members of the Legislative Assembly	(7,043)	(6,206)
Other Pension Plans	16,745	15,595
Retirement Benefits	46,326	49,383
Insurance Policies	2,290	1,840
Workers Compensation	18,008	16,910
	87,626	**235,487**
13 Loans Payable		
Government of Canada, non-interest bearing, maturing March 31, 2016, payable in monthly installments of $316,567.	37,988	37,988
Adjustment for Interest Concession	(7,311)	(8,538)
	30,677	29,450
Teachers' Superannuation Fund, 4.35%, maturing April 15, 2014, with interest payable semi-annually and principal payments of $16,000,000 payable annually.	144,000	-
Municipal Development Loan Board, 5 3/8%, maturing in 2008, payable in annual installments of $23,957 including interest.	65	-
	174,742	**29,450**

14 Debentures and Sinking Fund

Issue Date	Maturity Date	Interest Rate	Term of Years	Gross Funded Debt	Sinking Fund	Net Funded Debt 2006	Net Funded Debt 2005
				($000)	($000)	($000)	($000)
Public Issues:							
15-Jan-87	15-Jan-07	9.875%	20	30,186	13,976	16,210	17,464
3-Oct-97	3-Oct-07	6.000%	10	35,000	7,515	27,485	28,682
22-Jun-88	22-Jun-08	11.375%	20	47,980	23,837	24,143	26,386
1-Dec-88	1-Dec-08	10.750%	20	44,687	20,913	23,774	25,757
16-Aug-90	16-Aug-10	11.500%	20	60,000	23,018	36,982	39,309
14-Mar-91	14-Mar-11	11.000%	20	50,000	17,518	32,482	34,281
19-Sep-91	19-Sep-11	11.000%	20	50,000	16,724	33,276	35,041
17-Dec-92	17-Dec-12	9.750%	20	50,000	14,152	35,848	37,423
18-Mar-93	18-Mar-13	9.250%	20	60,000	19,492	40,508	42,700
27-Oct-95	27-Oct-15	8.500%	20	75,000	17,174	57,826	60,097
15-Dec-93	15-Dec-23	8.500%	30	60,000	17,860	42,140	44,235
3-Sep-02	29-Jul-27	6.100%	25	100,000	4,229	95,771	97,285
21-Feb-00	21-Feb-30	6.800%	30	80,000	8,685	71,315	73,042
29-Jan-02	29-Jan-32	6.250%	30	100,000	6,760	93,240	95,122
12-Jun-03	21-Feb-34	5.600%	30	100,000	4,066	95,934	97,388
30-Sep-04	15-Jun-35	5.700%	30	100,000	1,324	98,676	100,000
10-Feb-05	19-May-36	5.300%	31	100,000	-	100,000	100,000
12-Sep-05	19-Nov-37	4.650%	32	100,000	-	100,000	-
				1,242,853	217,243	1,025,610	954,212
Canada Pension Plan Issues							
1985-86	2005-2006	11.230%	20	-	-	-	8,975
1986-87	2006-2007	9.560%	20	13,526	-	13,526	13,526
1987-88	2007-2008	9.950%	20	10,010	-	10,010	10,010
1988-89	2008-2009	10.090%	20	9,703	-	9,703	9,703
1989-90	2009-2010	9.660%	20	10,544	-	10,544	10,544
1990-91	2010-2011	10.770%	20	9,603	-	9,603	9,603
1991-92	2011-2012	9.930%	20	9,794	-	9,794	9,794
1992-93	2012-2013	9.340%	20	6,971	-	6,971	6,971
1998-99	2018-2019	5.930%	20	376	-	376	376
1999-00	2019-2020	6.450%	20	7,332	-	7,332	7,332
2000-01	2020-2021	6.640%	20	9,136	-	9,136	9,136
2001-02	2021-2022	6.563%	20	11,374	-	11,374	11,374
2002-03	2022-2023	6.202%	20	11,360	-	11,360	11,360
2003-04	2023-2024	5.721%	20	11,135	-	11,135	11,135
2004-05	2024-2025	5.659%	20	10,500	-	10,500	10,500
2005-06	2025-2026	5.225%	20	3,036	-	3,036	-
2005-06	2035-2036	4.768%	30	5,939	-	5,939	-
				140,339	-	140,339	140,339
				1,383,192	217,243	1,165,949	1,094,551
Special Contribution from Operating Fund					48,683	(48,683)	-
Debenture Discount				(8,808)		(8,808)	(8,677)
Total Debentures and Sinking Fund				**1,374,384**	**265,926**	**1,108,458**	**1,085,874**

The debentures listed on this schedule have been issued in Canadian dollars.

Canada Pension Plan debentures are callable by the Federal Minister of Finance on six months notice. No calls have occurred to date and none are expected.

15 Tangible Capital Assets

	Land ($000)	Buildings ($000)	Leasehold Improvements ($000)	Roads and Bridges ($000)	Motor Vehicles ($000)	Equipment ($000)	Other ($000)	Total 2006 ($000)	Total 2005 ($000)
Balance, beginning of year	19,124	57,340	6,416	500,791	23,224	24,139	40,379	671,413	655,611
Additions	1,185	1,501	-	18,992	735	1,309	1,704	25,426	16,593
Transfers From Health Agencies	1,203	127,954	-	-	21	26,858	504	156,540	-
Disposals	(152)	-	-	-	(273)	-	-	(425)	(791)
Balance, end of year	21,360	186,795	6,416	519,783	23,707	52,306	42,587	852,954	671,413
Accumulated Amortiz.,beginning of year	-	35,695	1,831	366,257	18,336	10,309	17,636	450,064	427,610
Amortization	-	4,753	305	15,587	1,139	4,844	1,017	27,645	22,985
Transfers From Health Agencies	-	36,148	-	-	20	14,690	199	51,057	-
Disposals	-	-	-	-	(214)	-	-	(214)	(531)
Accumulated Amortization, end of year	-	76,596	2,136	381,844	19,281	29,843	18,852	528,552	450,064
Net Book Value	**21,360**	**110,199**	**4,280**	**137,939**	**4,426**	**22,463**	**23,735**	**324,402**	**221,349**

Amortization is calculated using the straight line method (see Note 2 d).

The Province's policy regarding revenues received for tangible capital assets is to reduce the cost of the asset by the amount of the revenue received. The following revenue offsets have been applied to assets:

	2006 ($000)	2005 ($000)
Federal Revenue	9,057	1,419
Donations	2,347	2,729

Historical cost is still being gathered for certain land parcels. Adjustments to costs may be required when more information becomes available.

	2006 ($000)	2005 ($000)
16 Inventories		
Department of Education	1,504	1,286
Land (Tax Sales)	-	113
Department of Health	2,963	-
Department of Transportation & Public Works	3,363	2,116
	7,830	3,515
17 Prepaid Expenses		
Insurance	42	-
Interest on Treasury Notes	169	553
Payroll Advances	247	498
Payroll Deduction Remittances	9	17
Department of Health	1,417	-
	1,884	1,068

18 Trust Funds

BALANCE		Cash and Receivables ($000)	Investments ($000)	Liabilities ($000)	Balance of Fund ($000)
Cable Replacement Fund		36	3,135	-	3,171
Civil Service Superannuation Fund		1,423	558,118	967	558,574
Pension Plan for M.L.A.s	1	71	21,967	57	21,981
Public Trustee		1,701	7,352	378	8,675
Supreme Court		171	586	-	757
Teachers' Superannuation Fund	2	164,049	312,975	476	476,548
Department of Health		453	-	126	327
Totals		**167,904**	**904,133**	**2,004**	**1,070,033**

CONTINUITY		Fund Balance 31-Mar-05 ($000)	Increase (Decrease) in Funds ($000)	Fund Balance 31-Mar-06 ($000)
Cable Replacement Fund		3,090	81	3,171
Civil Service Superannuation Fund		502,034	56,540	558,574
Pension Plan for M.L.A.s	1	21,071	910	21,981
Public Trustee		8,744	(69)	8,675
Supreme Court		1,132	(375)	757
Teachers' Superannuation Fund	2	308,811	167,737	476,548
Department of Health		-	327	327
Totals		**844,882**	**225,151**	**1,070,033**

1 - The Pension Plan for M.L.A.'s has a fiscal year end of December 31, 2005

2 - The Teachers' Superannuation Fund has a fiscal year end of June 30, 2005.

Trusts administered by the Province on behalf of other parties are excluded from the financial statements of the Operating Fund.

19 Guaranteed Debt

		Principal Guaranteed ($000)	Outstanding 31-Mar-06 ($000)	Outstanding 31-Mar-05 ($000)
1	Lines of Credit / Demand Loans	36,021	1,335	4,128
2	Debentures / Capital Loans	151,163	141,654	120,744
3	Student Loans	22,056	22,056	19,304
	Total Guaranteed Debt	**209,240**	**165,045**	**144,176**

		Maturity Date	Principal Guaranteed ($000)	Outstanding 31-Mar-06 ($000)	Outstanding 31-Mar-05 ($000)
1	**Lines of Credit / Demand Loans**				
	P.E.I. Grain Elevators Corp.	31-Dec-06	3,250	1,335	1,128
	S'Side Regional Dev Corp	28-Feb-06	-	-	3,000
	P.E.I. Energy Corporation	31-Oct-06	32,771	-	-
			36,021	**1,335**	**4,128**
2	**Debentures / Capital Loans**				
	Atlantic Technology Centre	31-Aug-17	12,100	10,422	10,852
	Capital Area Recreation Inc	31-Dec-08	4,000	3,127	3,371
	Ch'town Area Dev. Corp.	15-May-13	11,800	8,738	9,173
	Communities 13 Inc.	May-06 to Aug-12	448	373	443
	Dept. Agriculture - Hog Producers		7,132	7,537	7,872
	Island Investment Development Inc		74,838	74,838	50,534
	Island Waste Management	31-Dec-27	30,130	28,054	28,773
	PEI Energy Corporation	06-Mar-17	9,360	7,424	7,895
	Pownal Sports Centre	Mar-09 to Mar-24	1,355	1,141	1,735
	Prince County Hospital	4-Dec-08	-	-	96
			151,163	**141,654**	**120,744**

Both principal and interest are guaranteed for loan guarantees and debenture share issues. During the term authorized, lines of credit may revolve up to the original principal guaranteed plus interest due.

A provision for losses on hog producer loans in the amount of $3.0 million has been recorded at March 31, 2006 (2005 - $1.6 million).

3 Student Loans

Effective August 1, 2001 the Province entered into an agreement with Credit Union Central of PEI for the funding and delivery of the PEI Student Loan Program. All provincial student loans issued under this program are guaranteed by the Province. As at March 31, 2006 student loans outstanding under this program totalled $22.1 million (2005 - $19.3 million).

Prior to August 1, 2001 the Province paid a risk premium, in lieu of providing loan guarantees, to banks who provided student loans. Under certain conditions loan guarantees are provided to these lendors by the Province. These conditions include loans to minors, loans to individuals who became disabled or deceased and loans to individuals with a history of credit abuse. The student loans outstanding, subject to these conditional guarantees, cannot be readily determined at year end.

A provision for losses on student loans in the amount of $2.6 million has been recorded at March 31, 2006 (2005 - $2.2 million). Management believes this provision is sufficient to cover losses on both of the loan programs.

20 Continuity of Provision for Doubtful Accounts and Losses

	Allowance 31-Mar-05 ($000)	Written Off During Year 2005-06 ($000)	Increase Provided 2005-06 ($000)	Allowance 31-Mar-06 ($000)	
Accounts Receivable:					
Provincial Taxes					
Provincial Sales Tax	1,355	(1,128)	1,241	1,468	
Real Property Tax	300	-	100	400	
Transportation & P.W.	895	-	-	895	
Department of Health	-	-	1,096	1,096	
	2,550	(1,128)	2,437	3,859	1
Loans Receivable:					
P.E.I. Business Dev. Inc.	3,957	(392)	3,213	6,778	
	3,957	(392)	3,213	6,778	2
Loan Guarantees:					
Operating Fund	3,795	(256)	2,072	5,611	
P.E.I. Business Dev. Inc.	1,298	(113)	106	1,291	
	5,093	(369)	2,178	6,902	3
Totals	**11,600**	**(1,889)**	**7,828**	**17,539**	

1 - The Provisions for Doubtful Accounts for Accounts Receivable are deducted on Schedule 2.

2 - The Provisions for Doubtful Accounts for Loans Receivable are deducted on Schedule 7.

3 - The Provisions for Losses on Loan Guarantees are included in Accrued Liabilities on Schedule 9.

21 Schedule of Debentures Issued and Matured

ISSUED

Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Price Received
Provincial Debentures				
12-Sep-05	4.65%	19-Nov-37	100,000	99.26
			100,000	
Canada Pension Plan				
1-Apr-05	5.34%	1-Apr-25	1,346	100.00
1-May-05	5.11%	1-May-25	1,690	100.00
2-Jul-05	4.79%	2-Jul-35	1,394	100.00
1-Aug-05	4.82%	1-Aug-35	792	100.00
3-Sep-05	4.64%	3-Sep-35	734	100.00
1-Oct-05	4.78%	3-Oct-35	652	100.00
1-Nov-05	4.88%	1-Nov-35	420	100.00
2-Dec-05	4.74%	2-Dec-35	237	100.00
2-Jan-06	4.70%	3-Jan-36	457	100.00
3-Mar-06	4.79%	3-Mar-36	1,253	100.00
			8,975	
Total Debentures Issued			108,975	

MATURED

Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Amount Matured ($000)	Redeemed By Operating Fund ($000)
Canada Pension Plan					
1-Apr-85	12.57%	1-Apr-05	1,346	1,346	1,346
1-May-85	12.15%	1-May-05	1,690	1,690	1,690
2-Jul-85	10.86%	2-Jul-05	1,394	1,394	1,394
1-Aug-85	10.99%	1-Aug-05	792	792	792
3-Sep-85	11.29%	3-Sep-05	734	734	734
1-Oct-05	11.12%	1-Oct-05	652	652	652
1-Nov-85	11.22%	1-Nov-05	420	420	420
2-Dec-85	10.80%	2-Dec-05	237	237	237
2-Jan-86	10.58%	2-Jan-06	457	457	457
3-Mar-86	10.72%	3-Mar-06	1,253	1,253	1,253
Total Debentures Matured				8,975	8,975

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Schedules to Statement of Operations
for the year ended March 31, 2006

Revenue	2006 Unaudited Budget Excerpts ($000)	2006 Actual ($000)	2005 Actual ($000)
22 Taxes			
Personal Income Tax	190,528	204,847	178,041
Sales Tax	178,500	179,577	173,375
Real Property Tax	55,900	60,224	57,885
Gasoline Tax	48,621	49,345	42,712
Corporate Income Tax	27,980	38,471	26,727
Health Tax on Tobacco	29,000	28,183	27,359
Health Tax on Liquor	12,475	12,797	12,256
Insurance Premium Tax	8,000	8,102	7,957
Corporation Capital Tax	3,300	2,043	3,184
Real Property Transfer Tax	1,700	2,358	-
Environment Tax	580	578	293
Fire Prevention Tax	350	386	408
	556,934	**586,911**	**530,197**
23 Licenses and Permits			
Motor Vehicle Registry	11,527	12,354	12,052
Registration and Licensing Act	660	713	678
Securities Act	2,300	2,551	2,548
Security Brokers and Salesmen Licenses	870	990	873
Other	2,445	2,777	2,483
	17,802	**19,385**	**18,634**
24 Fees and Services			
Patient Fees	18,830	18,420	11,156
Housing Rental	4,395	4,556	4,597
Land Title and Registry Fees	2,130	2,585	2,618
Third Party Insurance	1,800	1,909	1,974
Fines and Penalties	635	545	485
R.C.M.P. Recoveries	618	432	845
Campground Fees	800	675	711
Probate Court Fees	140	1,138	1,119
Special Project Fund	-	201	230
Other	9,692	9,859	8,298
	39,040	**40,320**	**32,033**
25 Sales			
Lottery Revenue	19,700	12,160	16,556
Liquor Control Commission	10,944	12,070	10,928
Other	1,612	1,793	2,072
	32,256	**26,023**	**29,556**

	2006 Unaudited Budget Excerpts ($000)	2006 Actual ($000)	2005 Actual ($000)
26 Investment Income			
PEI Business Development Inc	1,915	1,427	1,390
PEI Lending Agency	7,092	7,211	7,743
PEI Housing Corporation	513	513	1,194
Other	1,981	4,098	3,321
	11,501	**13,249**	**13,648**
27 Government of Canada			
Equalization	276,563	276,563	280,611
Canada Health Transfer	73,100	85,970	73,152
Canada Social Transfer	40,662	39,391	36,450
Wait Times Reduction Funding	15,014	2,688	2,700
Community and Labour Market Development	5,601	5,227	6,478
Housing Programs	1,530	2,055	2,294
Youth Justice Services	2,121	2,212	2,258
Official Languages in Education	1,844	2,467	2,243
Promotion of Official Languages	1,240	1,319	1,656
Infrastructure Program	6,595	2,981	2,906
Statutory Subsidy	679	679	679
Rehabilitation Programs	1,376	1,376	1,376
Primary Health Care Transition Fund	704	566	2,286
Diagnostic Equipment Funding	2,198	-	301
Island Health Information System Project	2,200	51	-
Agricultural Insurance Corporation	693	1,208	1,049
Agriculture Policy Framework Agreement	1,897	1,473	1,561
Joint Emergency Preparedness Program	570	322	159
Legal Aid	363	690	61
Children-In-Care Special Allowance	400	475	410
Other	2,837	3,824	9,212
	438,187	**431,537**	**427,842**

Expense

	2006 Unaudited Budget Excerpts ($000)	2006 Actual ($000)	2005 Actual ($000)
28 Agriculture, Fisheries and Aquaculture			
Dept of Agriculture, Fisheries and Aquaculture	28,384	31,248	36,626
P.E.I. Grain Elevators Corp.	-	-	165
	28,384	**31,248**	**36,791**
29 Development and Technology			
Department of Development and Technology	5,368	6,041	5,560
P.E.I. Business Development Inc.	20,376	23,983	21,850
Employment Development Agency	3,547	3,372	2,902
	29,291	**33,396**	**30,312**

		2006 Unaudited Budget Excerpts ($000)	2006 Actual ($000)	2005 Actual ($000)
30	**Education**			
	Department of Education	221,797	224,602	225,384
	Island Regulatory & Appeals Commission	1,200	1,200	1,200
		222,997	**225,802**	**226,584**
31	**Environment, Energy and Forestry**			
	Department of Environment, Energy and Forestry	12,104	12,353	11,735
	P.E.I. Energy Corporation	346	350	600
		12,450	**12,703**	**12,335**
32	**Provincial Treasury**			
	Department of Provincial Treasury	21,237	18,009	17,752
	General Government	18,671	7,425	5,246
	Technology Asset Management	2,722	2,482	2,427
	P.E.I. Lending Agency	1,716	6,405	3,436
	Council of Atlantic Premiers	123	124	123
		44,469	**34,445**	**28,984**
33	**Public Service Commission**			
	Public Service Commission	6,181	4,913	4,867
	Employee Benefits	27,818	42,533	27,460
		33,999	**47,446**	**32,327**
34	**Transportation and Public Works**			
	Department of Transportation & Public Works	80,420	76,734	84,785
	Interministerial Women's Secretariat	304	287	293
		80,724	**77,021**	**85,078**

35 Program Expense by Object

Department	Administration	Debt	Materials and Supplies	Professional & Contract Services	Salaries & Employee Benefits	Travel & Training	Transfer Payments	Total
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Agriculture,Fisheries and Aquaculture	339	1,700	748	3,010	7,911	799	16,741	31,248
Attorney General	489	12	1,159	11,793	17,855	497	553	32,358
Auditor General	29	-	13	174	1,088	22	10	1,336
Community and Cultural Affairs	302	-	581	514	7,483	290	21,373	30,543
Development and Technology	287	-	136	67	4,286	100	28,520	33,396
Education	1,082	2,071	2,729	383	137,634	366	81,537	225,802
Environment , Energy and Forestry	342	-	1,008	1,668	7,583	722	1,380	12,703
Executive Council	65	-	30	209	2,423	158	38	2,923
Health	4,685	713	47,314	85,134	185,580	2,235	17,582	343,243
Legislative Assembly	145	-	170	338	2,929	152	186	3,920
Provincial Treasury	2,227	1,342	4,786	4,359	12,347	540	8,844	34,445
Public Service Commission	107	-	343	1,157	45,473	357	9	47,446
Social Services and Seniors	2,189	3,324	25,634	1,668	22,922	836	53,303	109,876
Tourism	-	-	-	-	-	-	13,272	13,272
Transportation and Public Works	6,150	2	22,159	14,948	32,422	1,106	234	77,021
Total Program Expenditures	18,438	9,164	106,810	125,422	487,936	8,180	243,582	999,532
Percentage of Total	1.9	0.9	10.7	12.5	48.8	0.8	24.4	100.0

Note 1 - Debt charges are for bad debt expenses.

Note 2 - Salaries include the salaries paid to School Unit Employees.

Summary

Of

Ordinary Revenues And Expenses

For the Year Ended March 31, 2006

PROVINCE OF PRINCE EDWARD ISLAND
SUMMARY OF ORDINARY REVENUE AND EXPENSES
YEAR ENDED MARCH 31, 2006

	Expenses **$**	**Federal Revenue** **$**	**Provincial Revenue** **$**	**Net Expenses (Revenue)** **$**
Department of Agriculture,Fisheries & Aquaculture				
Corporate and Financial Services	14,700,128	2,680,183	400,005	11,619,940
Agriculture Resource Division	6,803,145	145,042	345,084	6,313,019
Agriculture Policy and Regulatory Division	7,253,090	-	226,860	7,026,230
Fisheries and Aquaculture	2,491,847	-	68,465	2,423,382
TOTAL Agriculture, Fisheries & Aquaculture	31,248,210	2,825,225	1,040,414	27,382,571
Office of the Attorney General				
Administration	378,291	-	874	377,417
Justice Policy	696,713	18,907	-	677,806
Legal and Judicial Services	7,512,506	1,119,977	2,111,233	4,281,296
Consumer, Corporate and Insurance	1,047,426	159,000	16,106,169	(15,217,743)
Crown Attorney	898,727	-	-	898,727
Community and Correctional Services	11,699,538	2,344,699	264,702	9,090,137
Provincial Policing Services	10,124,472	-	671,305	9,453,167
TOTAL Attorney General	32,357,673	3,642,583	19,154,283	9,560,807
Auditor General				
Administration	1,335,943	-	-	1,335,943
TOTAL Auditor General	1,335,943	-	-	1,335,943
Department of Community and Cultural Affairs				
Policy and Administration	12,767,685	2,980,921	-	9,786,764
Planning and Inspection Services	5,002,485	439,366	1,239,193	3,323,926
Labour and Industrial Relations	547,679	-	209,175	338,504
Provincial Libraries	2,145,216	5,380	56,315	2,083,521
Culture and Heritage	2,775,240	682,734	-	2,092,506
P.E.I. Museum and Heritage Foundation	855,228	-	-	855,228
Recreation and Sport	6,449,690	218,700	-	6,230,990
TOTAL Community and Cultural Affairs	30,543,223	4,327,101	1,504,683	24,711,439
Department of Development and Technology				
Departmental Management	1,608,550	-	-	1,608,550
Single Window Service	2,807,086	55,000	52,021	2,700,065
Community and Labour Market Development	1,625,247	35,614	-	1,589,633
TOTAL Development and Technology	6,040,883	90,614	52,021	5,898,248

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
PEI Business Development Inc				
PEI Business Development Inc	23,982,600	3,500	-	23,979,100
TOTAL PEI Business Development Inc	23,982,600	3,500	-	23,979,100
Employment Development Agency				
Management	360,790	55,613	-	305,177
Job Creation and Placement	1,925,190	-	-	1,925,190
Labour Force Development	178,825	-	-	178,825
Jobs for Youth	907,559	-	-	907,559
TOTAL Employment Development Agency	3,372,364	55,613	-	3,316,751
Liquor Control Commission				
General	-	-	12,070,128	(12,070,128)
TOTAL Liquor Control Commission	-	-	12,070,128	(12,070,128)
Department of Education				
Policy, Planning and Evaluation	222,595	-	-	222,595
Finance and School Board Operations	152,139,871	2,467,148	595,240	149,077,483
Technology in Learning	3,304,265	84,340	-	3,219,925
Branch Administration and Kindergarten	3,310,964	-	106,929	3,204,035
English Programs	2,157,596	-	10,325	2,147,271
French Programs	1,725,398	-	-	1,725,398
Student Services	2,215,671	-	-	2,215,671
Continuing Education and Training	59,526,036	5,452,921	34,420	54,038,695
TOTAL Department of Education	224,602,396	8,004,409	746,914	215,851,073
Island Regulatory and Appeals Commission				
General	1,200,000	-	-	1,200,000
TOTAL Island Regulatory and Appeals Comm.	1,200,000	-	-	1,200,000
Department of Environment, Energy & Forestry				
Department Management	355,010	-	-	355,010
Pollution Prevention	1,732,590	-	193,303	1,539,287
Water Management	2,245,823	80,000	482,012	1,683,811
Conservation and Management	1,608,898	132,158	391,712	1,085,028
Administration	521,677	-	941	520,736
Energy and Minerals	834,142	16,756	116,852	700,534
Forestry and Land Resource Modeling	5,055,086	-	715,815	4,339,271
TOTAL Environment, Energy & Forestry	12,353,226	228,914	1,900,635	10,223,677
PEI Energy Corporation				
Operations	349,600	-	-	349,600
TOTAL PEI Energy Corporation	349,600	-	-	349,600

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
Executive Council				
Premier's Office	652,108	-	-	652,108
Executive Council Office	981,531	-	25	981,506
Planning and Research	68,299	-	-	68,299
Intergovernmental Affairs	263,080	-	-	263,080
Acadian and Francophone Affairs	571,280	379,590	59,200	132,490
Corporate Policy	386,283	-	-	386,283
TOTAL Executive Council	2,922,581	379,590	59,225	2,483,766
Department of Health				
Corporate Services	5,002,646	586,836	549	4,415,261
Financial Services	8,717,828	146,876	4,290	8,566,662
Population Health	2,672,670	227,800	615,202	1,829,668
Medical Programs	90,628,176	-	81,476	90,546,700
Provincial Acute Care	127,211,213	-	6,820,202	120,391,011
Community Hospitals & Continuing Care	79,494,047	-	12,961,736	66,532,311
Primary Care	24,423,720	930,609	30,429	23,462,682
Health Informatics	5,092,472	50,869	-	5,041,603
TOTAL Health	343,242,772	1,942,990	20,513,884	320,785,898
Legislative Assembly				
Legislative Services	1,521,062	-	-	1,521,062
Members	1,599,758	-	-	1,599,758
Office of the Conflict of Interest Commissioner	25,598	-	-	25,598
Office of the Information & Privacy Commissioner	70,797	-	-	70,797
Elections	410,269	-	-	410,269
Commonwealth Parliamentary Conference	29,881	-	-	29,881
Commission on PEI's Electoral Future	262,895	-	-	262,895
TOTAL Legislative Assembly	3,920,260	-	-	3,920,260
Department of the Provincial Treasury				
Administration	384,581	-	-	384,581
Fiscal Management	1,678,228	405,291,569	243,696,414	(647,309,755)
Office of the Comptroller	1,314,597	187,247	328,669	798,681
Taxation and Property Records	6,539,376	-	350,789,878	(344,250,502)
Information Services	2,801,763	-	59,759	2,742,004
Information Technology Management Group	5,019,363	-	160,543	4,858,820
Program Renewal	271,444	-	-	271,444
TOTAL Provincial Treasury	18,009,352	405,478,816	595,035,263	(982,504,727)
General Government				
Miscellaneous General	224,190	-	230,930	(6,740)
Grants	1,212,372	-	299,871	912,501
Government Insurance Program	1,041,634	-	39,312	1,002,322
Salary Negotiation	903,674	-	-	903,674
Contingency Fund	4,043,000	-	-	4,043,000
TOTAL General Government	7,424,870	-	570,113	6,854,757

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
Technology Asset Management				
Technology Asset Management	2,481,628	-	-	2,481,628
TOTAL Technology Asset Management	2,481,628	-	-	2,481,628
PEI Lending Agency				
General	6,405,300	-	-	6,405,300
TOTAL PEI Lending Agency	6,405,300	-	-	6,405,300
Council of Atlantic Premiers				
Atlantic Provinces Education Foundation	15,917	-	-	15,917
Council of Atlantic Premiers Secretariat	17,400	-	-	17,400
Maritime Prov. Higher Education Commission	85,543	-	-	85,543
Atlantic Prov. Community College Consortium	4,640	-	-	4,640
TOTAL Council of Atlantic Premiers	123,500	-	-	123,500
Public Service Commission				
Management	211,329	-	-	211,329
Classification and Employee Relations	1,748,302	-	75,000	1,673,302
Staffing and Human Resources Planning	1,026,323	-	506,305	520,018
Corporate Services	1,927,160	117,400	555,269	1,254,491
TOTAL Public Services Commission	4,913,114	117,400	1,136,574	3,659,140
Employee Benefits				
Medical / Life Benefits	218,897	-	-	218,897
Employees' Future Benefits	20,265,796	-	23,885	20,241,911
Government Pension Contribution	21,787,455	-	-	21,787,455
Pension Management	260,564	-	64,366	196,198
TOTAL Employee Benefits	42,532,712	-	88,251	42,444,461
Department of Social Services and Seniors				
Corporate and Financial Services	2,009,056	110,268	-	1,898,788
Social Supports	63,949,352	3,430,507	4,599,067	55,919,778
Children and Youth Services	18,567,653	659,839	11,826	17,895,988
Dental Health and Provincial Drug Programs	25,349,860	-	50,048	25,299,812
TOTAL Social Services and Seniors	109,875,921	4,200,614	4,660,941	101,014,366
Tourism PEI				
Tourism PEI Inc	13,272,471	91,900	1,136,873	12,043,698
TOTAL Tourism PEI	13,272,471	91,900	1,136,873	12,043,698

	Expenses $	Federal Revenue $	Provincial Revenue $	Net Expenses (Revenue) $
Department of Transportation and Public Works				
Finance & Human Resources	1,230,596	-	-	1,230,596
Highway Safety & Information Technology	2,531,799	148,050	12,347,028	(9,963,279)
Land & Environmental	1,970,190	-	-	1,970,190
Highway Maintenance Operations	46,148,050	-	432,328	45,715,722
Public Works & Planning	15,066,705	-	416,568	14,650,137
Capital Project Division	9,130,612	-	65,292	9,065,320
Provincial Waste Management	656,892	-	-	656,892
TOTAL Transportation and Public Works	76,734,844	148,050	13,261,216	63,325,578
Interministerial Women's Secretariat				
Interministerial Women's Secretariat	287,297	-	-	287,297
TOTAL Interministerial Women's Secretariat	287,297	-	-	287,297
Interest Charges / Investment Income				
Interest	105,036,538	-	12,957,018	92,079,520
Amortization of Debenture Discount	1,840,965	-	-	1,840,965
TOTAL Interest Charges / Investment Income	106,877,503	-	12,957,018	93,920,485
TOTAL PROVINCE	**1,106,410,243**	**431,537,319**	**685,888,436**	**(11,015,512)**

Details

Of

Ordinary Revenues With Estimates

For the Year Ended March 31, 2006

DEPARTMENT OF AGRICULTURE, FISHERIES AND AQUACULTURE

	REVENUE $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Finance and Administration		
Federal		
Miscellaneous	1,472,604	1,896,600
Fees and Services		
FOIP Fees	5	-
Miscellaneous	400,000	400,000
	1,872,609	2,296,600
Farm Income Risk Management		
Federal		
Crop Insurance	1,207,579	693,200
	1,207,579	693,200
Total Corporate and Financial Services	**3,080,188**	**2,989,800**
AGRICULTURE RESOURCE DIVISION		
Division Management		
Federal		
Miscellaneous	10,500	-
	10,500	-
Soil and Feed Lab		
Fees and Services		
Soil and Feed Lab Fees	159,112	155,000
	159,112	155,000
Plant Health and Diagnostics Program		
Fees and Services		
Miscellaneous	920	-
	920	-
Dairy Lab		
Fees and Services		
Dairy Lab Fees	181,041	72,000
	181,041	72,000
Farm Extension Services		
Fees and Services		
Miscellaneous	1,246	1,500
Sales		
Miscellaneous	676	-
	1,922	1,500
Sustainable Agriculture Resources		
Federal		
Miscellaneous	134,542	250,000
Fees and Services		
Miscellaneous	1,327	-
Sales		
Miscellaneous	762	-
	136,631	250,000
Total Agriculture Resource Division	**490,126**	**478,500**

AGRICULTURE, FISHERIES AND AQUACULTURE

Continued

	REVENUE $	ESTIMATES $
AGRICULTURE POLICY AND REGULATORY DIVISION		
Division Management		
Licenses and Permits		
Miscellaneous	35	2,400
Fees and Services		
Miscellaneous	250	-
	285	2,400
Plant Health Regulatory Program		
Fees and Services		
Disinfection Fees	159,124	165,000
	159,124	165,000
Division Management		
Fees and Services		
Miscellaneous	67,451	-
	67,451	-
Total Agriculture Policy and Regulatory Division	**226,860**	**167,400**
FISHERIES AND AQUACULTURE		
Services		
Fees and Services		
Miscellaneous	67,465	30,000
	67,465	30,000
Aquaculture		
Sales		
Miscellaneous	1,000	5,000
	1,000	5,000
Total Fisheries and Aquaculture	**68,465**	**35,000**
TOTAL AGRICULTURE, FISHERIES and AQUACULTURE	**3,865,639**	**3,670,700**

OFFICE OF THE ATTORNEY GENERAL

	REVENUE $	ESTIMATES $
ADMINISTRATION		
Administration		
Fees & Services		
FOIP Fees	104	-
Sales		
Miscellaneous	770	-
Total Administration	**874**	-
JUSTICE POLICY		
Justice Policy		
Federal		
Safer Communities	18,867	22,800
Miscellaneous	40	2,400
Total Justice Policy	18,907	25,200
LEGAL AND JUDICIAL SERVICES		
Judicial Services		
Fees and Services		
Court Fees	140,233	140,000
Probate Court Fees	-	160,900
PPSA Fees	239,785	-
Fines & Penalties	546,721	635,000
Miscellaneous	190,467	-
	1,117,206	935,900
Sheriff's Office		
Fees and Services		
Sheriff Fees	98,338	125,000
	98,338	125,000
Legal Aid		
Federal		
Legal Aid	690,145	363,000
	690,145	363,000
Courthouse Automation Project		
Fees and Services		
PPSA Fees	895,664	966,400
	895,664	966,400
Family Law		
Federal		
Miscellaneous	429,832	315,600
Fees and Services		
Miscellaneous	25	-
	429,857	315,600
Total Legal and Judicial Services	**3,231,210**	**2,705,900**

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
CONSUMER, CORPORATE AND INSURANCE		
Corporate Services		
Licenses and Permits		
Companies Act	471,809	360,000
Registration and Licensing Act	713,436	660,000
Securities Act	2,551,393	2,300,000
Provincial	10	-
P.I. Security Guards Act	200	-
Securities, Brokers and Salesmen	990,125	870,000
Partnership Act	143,681	110,000
Fees and Services		
Company Inspection Fees	5,610	5,000
Sales		
Miscellaneous	707	700
	4,876,971	4,305,700
Consumer Services		
Licenses and Permits		
Companies	40	-
Provincial Lotteries	227,420	240,000
P.I. Security Guards Act	16,840	10,000
Collecting Agency Act	10,800	7,500
Direct Sellers Act	2,050	4,500
Auctioneers Act	1,000	1,400
Miscellaneous	57,255	35,000
	315,405	298,400
Insurance Services		
Licenses and Permits		
Insurance Act	366,208	250,000
Real Estate Agents	39,300	24,000
Miscellaneous	110,066	149,000
Fees and Services		
Third Party Insurance	1,908,990	1,800,000
Sales		
Miscellaneous	840	3,800
Taxes		
Insurance Premium Taxes	8,102,338	8,000,000
Fire Prevention Tax Act	386,051	350,000
	10,913,793	10,576,800
Gun Control		
Federal		
Gun Control	159,000	205,000
	159,000	205,000
Total Consumer, Corporate and Insurance	**16,265,169**	**15,385,900**

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
COMMUNITY AND CORRECTIONAL SERVICES		
Division Management		
Federal		
Young Offenders	2,112,174	2,021,000
	2,112,174	2,021,000
Provincial Correctional Centre		
Federal		
Exchange of Service Agreement	75,040	75,000
Sales		
Meals	11,194	9,000
	86,234	84,000
Prince County Correctional Centre		
Sales		
Meals	6,363	3,500
	6,363	3,500
Georgetown Youth Centre		
Sales		
Meals	1,344	-
	1,344	-
Summerside Youth Centre		
Federal		
Special Income Assistance	9,756	-
Allowance for Young Offenders	-	20,000
Sales		
Meals	21,080	26,900
	30,836	46,900
Victim Services		
Federal		
Miscellaneous	47,729	100,000
Fees and Services		
Victims Surcharge-Federal	45,484	34,000
Victims Surcharge-Provincial	179,237	260,000
	272,450	394,000
Clinical Services		
Federal		
Miscellaneous	100,000	100,000
	100,000	100,000
Total Community and Correctional Services	**2,609,401**	**2,649,400**

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
PROVINCIAL POLICING SERVICES		
Fees and Services		
RCMP Recoveries	432,305	617,600
Miscellaneous	239,000	239,000
Total Access and Privacy Services	**671,305**	**856,600**
TOTAL OFFICE OF THE ATTORNEY GENERAL	**22,796,866**	**21,623,000**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

	REVENUE $	ESTIMATES $
POLICY AND ADMINISTRATION		
Infrastructure		
Federal		
Infrastructure	916,921	2,095,100
Miscellaneous	2,064,000	-
	2,980,921	2,095,100
Total Policy and Administration	**2,980,921**	**2,095,100**
PLANNING AND INSPECTION SERVICES		
Administration		
Sales		
Geomatics Services	7,620	-
	7,620	-
Building and Development		
Federal		
French Services Agreement	29,430	-
Licenses and Permits		
Auctioneers Act	250	-
Radiation Surveillance	100	-
Sub-Division Permits	109,162	80,000
Sewage Disposal Permits	155,001	120,000
Building Permits	149,212	100,000
Fees and Services		
Pesticide	53	-
Entry Way Permits	1,225	-
	444,433	300,000
Emergency Measures Organization		
Federal		
Disaster Assistance	-	415,000
	-	415,000
Joint Emergency Preparedness Projects		
Federal		
Emergency Measures Organization	322,500	155,100
	322,500	155,100
Electrical Inspection		
Federal		
Statutory	10	-
Fees and Services		
Electrical Inspection Fees	399,354	317,000
Engineer	800	-
Miscellaneous	8,215	-
	408,379	317,000

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	REVENUE $	ESTIMATES $
Boiler and Plumbing Inspection		
Federal		
Federal Boiler Inspection Fees	81,540	75,000
Pesticide Monitoring	5,936	-
Fees and Services		
Plumbing Permits	101,544	50,000
Boiler Inspection Fees	146,944	142,000
Engineers Fees	27,415	25,000
	363,379	292,000
911 Administration		
Fees & Services		
Sign Fees	5,695	-
911 Cost Recovery	126,553	-
Miscellaneous	-	362,000
	132,248	362,000
Total Planning and Inspection Services	**1,678,559**	**1,841,100**
LABOUR AND INDUSTRIAL RELATIONS		
Administration		
Fees and Services		
Fees - Workers Compensation Board	156,981	120,000
Employer Advisor		
Fees and Services		
Fees - Workers Compensation Board	52,194	120,800
Total Labour and Industrial Relations	**209,175**	**240,800**
PROVINCIAL LIBRARIES		
Library Headquarters		
Federal		
Fench Services Agreement	1,180	-
	1,180	-
Confederation Centre Public Library		
Fees and Services		
Miscellaneous	27,073	15,500
	27,073	15,500
French Library Services		
Federal		
French Service Agreement	4,200	5,600
Fees and Services		
Miscellaneous	8,098	4,500
	12,298	10,100
Branch Libraries		
Fees and Services		
Miscellaneous	21,144	13,000
	21,144	13,000
Total Provincial Libraries	**61,695**	**38,600**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	REVENUE $	ESTIMATES $
CULTURE AND HERITAGE		
Cultural Affairs		
Federal		
French Service Agreement	438,220	439,900
Miscellaneous	236,583	-
	674,803	439,900
Public Archives and Records Office		
Federal		
Miscellaneous	7,931	10,000
	7,931	10,000
Total Culture and Heritage	**682,734**	**449,900**
RECREATION AND SPORT		
Recreation and Sport		
Federal		
French Service Agreement	18,700	18,700
Miscellaneous	200,000	200,000
Total Recreation and Sport	**218,700**	**218,700**
TOTAL COMMUNITY & CULTURAL AFFAIRS	**5,831,784**	**4,884,200**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	REVENUE	ESTIMATES
SINGLE WINDOW SERVICE		
Government Website		
Federal		
French Service Agreement	3,000	-
Miscellaneous	52,000	74,300
Fees and services		
Miscellaneous	52,000	-
	107,000	74,300
Summerside Access PEI		
Fees and Services		
Site Overage/Underage	35	-
	35	-
Souris Access PEI		
Fees and Services		
Site Overage (Underage)	(170)	-
	(170)	-
West Prince RSC		
Fees and Services		
Site Overage (Underage)	(2)	-
	(2)	-
Southern Kings & Queens RSC		
Fees and Services		
Site Overage (Underage)	31	-
	31	-
Alberton		
Fees and Services		
Site Overage (Underage)	52	-
	52	-
Riverside Access PEI		
Fees and Services		
Welfare Overpayment Recovery	75	-
	75	-
Total Single Window Service	**107,021**	**74,300**
COMMUNITY AND LABOUR MARKET DEVELOPMENT		
Federal		
Community & Labour Market Development	35,614	48,500
Total Community and Labour Market Development	**35,614**	**48,500**
TOTAL DEVELOPMENT AND TECHNOLOGY	**142,635**	**122,800**

P.E.I. BUSINESS DEVELOPMENT INC.

	REVENUE $	ESTIMATES $
DEVELOPMENT ASSISTANCE		
Official Language		
Federal		
French Services Agreement	3,500	3,500
TOTAL P.E.I. BUSINESS DEVELOPMENT INC	**3,500**	**3,500**

EMPLOYMENT DEVELOPMENT AGENCY

	REVENUE $	ESTIMATES $
MANAGEMENT		
General		
Federal		
Miscellaneous	55,613	-
TOTAL EMPLOYMENT DEVELOPMENT AGENCY	**55,613**	-

LIQUOR CONTROL COMMISSION

	REVENUE $	ESTIMATES $
GENERAL		
Sales		
Liquor Control Act	12,070,128	10,943,800
TOTAL LIQUOR CONTROL COMMISSION	**12,070,128**	**10,943,800**

DEPARTMENT OF EDUCATION

	REVENUE $	ESTIMATES $
FINANCE AND SCHOOL BOARD OPERATIONS		
Administration		
Fees and Services		
FOIP Fees	727	-
Miscellaneous	61,401	29,200
Sales		
Miscellaneous	4,172	-
	66,300	29,200
Grants to School Boards		
Federal		
Minority & Second Language	2,467,148	1,844,000
Fees and Services		
Tuition Reimbursement	428,940	463,000
Miscellaneous	100,000.0	100,000
	2,996,088	2,407,000
Total Finance and School Board Operations	**3,062,388**	**2,436,200**
TECHNOLOGY IN LEARNING		
Systems and Technology Services		
Federal		
Miscellaneous	79,640	71,600
	79,640	71,600
Technology		
Federal		
Miscellaneous	4,700	-
	4,700	-
Total Technology in Learning	**84,340**	**71,600**
BRANCH ADMINISTRATION AND KINDERGARTEN		
Administration		
Fees and Services		
Miscellaneous	106,929	100,000
Total Branch Administration and Kindergarten	**106,929**	**100,000.0**
ENGLISH PROGRAMS		
Programs - General		
Fees and Services		
High School Testing Fees	10,325	2,500
Total English Programs	**10,325**	**2,500**

DEPARTMENT OF EDUCATION

Continued

	REVENUE $	ESTIMATES $
CONTINUING EDUCATION AND TRAINING		
General		
Federal		
Canada Employment	5,191,165	5,552,000
Student Loan Administration	219,624	216,000
	5,410,789	5,768,000
Apprenticeship and Training		
Fees and Services		
Miscellaneous	10,005	6,200
	10,005	6,200
Post Secondary Grants		
Investment Interest		
Miscellaneous	24,415	-
	24,415	-
General		
Federal		
Miscellaneous	42,132	-
	42,132	-
Total Continuing Education and Training	**5,487,341**	**5,774,200**
TOTAL DEPARTMENT OF EDUCATION	**8,751,323**	**8,384,500**

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

	REVENUE $	ESTIMATES $
POLLUTION PREVENTION		
Administration		
Licenses and Permits		
Waste Resource Management	1,850	2,000
Excavation Pit Permits	17,647	29,000
Fees & Services		
Miscellaneous	10,588	10,600
	30,085	41,600
Air and Hazardous Materials		
Licenses and Permits		
Ozone Permits	16,018	10,000
Air Quality Permits	16,199	42,000
Junkyard Licenses	5,630	3,000
Storage Tank Contractors	14,810	15,000
Special Water Permit	11,275	10,000
Used Oil Collectors License	1,723	500
Miscellaneous	58	-
Fees and Services		
Transporting Hazordous Waste	2,860	3,000
Sales		
Miscellaneous	23,676	17,000
	92,249	100,500
Environmental Assessments		
Fees & Services		
Miscellaneous	46,200	52,500
	46,200	52,500
Pesticide Control		
Licenses and Permits		
Pesticide Applicator Business Licence	1,375	500
Pesticide Applicators Permit	2,250	1,500
Non Domestic Pesticide Applicator	3,300	-
Pesticide Applicators Certificate	10,135	-
Pesticide Purchases	200	-
Fees and Services		
Miscellaneous	2,752	3,500
Sales		
Miscellaneous	4,757	1,000
	24,769	6,500
Total Pollution Prevention	**193,303**	**201,100**
WATER MANAGEMENT		
Watershed Management		
Licenses and Permits		
Irrigation Permits	12,600	-
Fees and Services		
Sand Mining	8,518	-
	21,118	-

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY Continued

	REVENUE $	ESTIMATES $
Drinking Water Management		
Licenses and Permits		
Radiation Survey	50	-
Well Drillers Licenses	220	1,200
Septic Pumper Licenses	1,000	2,500
Miscellaneous	500	-
Fees and Services		
Miscellaneous	118	-
	1,888	3,700
Shellfish Program		
Federal		
Shellfish Monitoring	80,000	80,000
	80,000	80,000
PEI Analytical Laboratories - Microbiology		
Licenses and Permits		
Radiation Surveillance	381,320	300,000
Water Certification	77,686	160,000
	459,006	460,000
Total Water Management	**562,012**	**543,700**
CONSERVATION AND MANAGEMENT		
Administration		
Federal		
Migratory Bird Program	2,041	3,000
Gun Control	33,903	-
Miscellaneous	96,214	97,200
Licenses and Permits		
Fish and Game Licenses	158,806	176,000
Irrigation Permits	-	8,000
Miscellaneous	1,451	-
Fees and Services		
Wildlife Conservation Fee	161,689	185,000
Plumbing Permit	-	10,500
Course Fees - Firearm Safety	328	-
Miscellaneous	1	-
Sales		
Miscellaneous	-	25,000
	454,433	504,700
Wetland Management		
Federal		
Wetland Management	-	10,000
Fees and Services		
Wetland Management Program	69,437	110,000
	69,437	120,000
Total Conservation and Management	**523,870**	**624,700**

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY Continued

	REVENUE $	ESTIMATES $
ADMINISTRATION		
General		
Fees and Services		
FOIP Fees	941	500
Total Administration	**941**	**500**
ENERGY & MINERALS		
Federal		
Miscellaneous	16,756	-
Licenses and permits		
Gas and Oil Licenses	116,852	105,000
Total Energy and Minerals	**133,608**	**105,000**
FORESTRY AND LAND RESOURCE MODELLING		
Production Development		
Sales		
JF Gaudet Tree Nursery	153,563	130,000
	153,563	130,000
Provincial Forests Program		
Sales		
Forestry Sales	228,992	279,600
	228,992	279,600
Private Land Program		
Fees and Services		
Forestry Establishment Fees	113,988	115,000
Forestry Check off	203,079	303,000
	317,067	418,000
Resource Inventory and Modelling		
Sales		
Miscellaneous	16,193	5,500
	16,193	5,500
Total Forestry and Land Resource Modelling	**715,815**	**833,100**
TOTAL ENVIRONMENT AND ENERGY	**2,129,549**	**2,308,100**

EXECUTIVE COUNCIL

	REVENUE $	ESTIMATES $
EXECUTIVE COUNCIL OFFICE		
Fees and Services		
FOIP Fees	25	-
Total Executive Council Office	**25**	-
ACADIAN AND FRANCOPHONE AFFAIRS		
Francophone Affairs		
Federal		
French Services Agreement	374,740	283,000
Fees and Services		
Miscellaneous	59,200	-
	433,940	283,000
Acadian Communities Advisory Committee		
Federal		
French Services Agreement	4,850	6,700
	4,850	6,700
Total Acadian and Francophone Affairs	**438,790**	**289,700**
TOTAL EXECUTIVE COUNCIL	**438,815**	**289,700**

DEPARTMENT OF HEALTH

	REVENUE $	ESTIMATES $
CORPORATE SERVICES		
General Office		
Federal		
French Services Agreement	106,562	54,200
Miscellaneous	322,489	-
Fees and Services		
FOIP Fees	42	-
Miscellaneous	507	-
	429,600	54,200
Corporate Relations and Evaluation		
Federal		
French Services	157,785	-
	157,785	-
Total Corporate Services	**587,385**	**54,200**
FINANCIAL SERVICES		
General Office		
Federal		
Miscellaneous	146,876	-
Fees and Services		
Vital Statistics Fees	25	-
Gertrude Cotton Trust	4,300	-
	151,201	-
Financial Services		
Federal		
French Services Agreement	-	271,500
Fees and Services		
Patient Fees	-	30,000
Professional Services	-	10,000
Gertrude Cotton Trust	-	4,000
Homemaker Fees	-	22,300
Miscellaneous	16,457	-
Sales		
PHN Immunization Fees	-	14,300
Miscellaneous	15,557	-
Investment		
Surplus (Deficit) - Crown Corporations and Agencies	(32,049)	-
	(35)	352,100
Financial Planning		
Fees and Services		
OP / Maintenance	-	15,000
	-	15,000
Total Financial Services	**151,166**	**367,100**

DEPARTMENT OF HEALTH

Continued

	REVENUE $	ESTIMATES $
POPULATION HEALTH		
Health Research and Epidemiology		
Federal		
Miscellaneous	-	175,000
Fees & Services		
Special Projects Fund Revenue	201,026	-
Miscellaneous	-	125,000
	201,026	300,000
Vital Statistics		
Licenses and Permits		
Marriage Licenses	59,300	82,000
Fees and Services		
Vital Statistics Fees	237,333	218,600
	296,633	300,600
General Office		
Federal		
Miscellaneous	227,800	-
Licenses & Permits		
Meat Inspection Program	49,799	-
Nursing Home Licenses	1,325	1,100
Fees & Services		
Miscellaneous	66,419	300
	345,343	1,400
Environmental Health & Inspection Services		
Federal		
Miscellaneous	-	75,000
Fees and Services		
Meat Inspection Program	-	54,900
Miscellaneous	-	62,300
Sales		
Miscellaneous	-	-
	-	192,200
Total Population Health	**843,002**	**794,200**
MEDICAL PROGRAMS		
General Office		
Fees and Services		
Miscellaneous	39,830	-
	39,830	
Medicare Service		
Fees and Services		
Miscellaneous	33,841	18,000
Sales		
Miscellaneous	7,805	13,500
	41,646	31,500
Total Medical Programs	**81,476**	**31,500**

DEPARTMENT OF HEALTH

Continued

	REVENUE $	ESTIMATES $
PROVINCIAL ACUTE CARE		
Queen Elizabeth Hospital		
Fees and Services		
Patient Fees	3,723,577	5,192,800
Miscellaneous	481,765	-
	4,205,342	5,192,800
Hillsborough Hospital		
Fees and Services		
Patient Fees	311,558	-
Sales		
Meals	33,183	-
	344,741	-
Prince County Hospital		
Fees and Services		
Patient Fees	1,594,848	1,955,400
Miscellaneous	675,271	-
	2,270,119	1,955,400
Total Provincial Acute Care	**6,820,202**	**7,148,200**
COMMUNITY HOSPITALS AND CONTINUING CARE		
Community Hospitals		
Fees and Services		
Patient Fees	1,826,191	1,082,200
	1,826,191	1,082,200
Provincial Homes and Manors		
Fees and Services		
Patient Fees	10,907,805	10,570,200
Sales		
Meals	227,740	201,500
	11,135,545	10,771,700
Total Community Hospitals and Continuing Care	**12,961,736**	**11,853,900**
PRIMARY CARE		
Chronice Disease Management		
Federal		
Miscellaneous	48,320	-
	48,320	
Addiction Services		
Fees and Services		
Patient Fees	29,156	-
	29,156	
Community Mental Health		
Federal		
Alcohol and Drug Treatment	315,814	-
	315,814	

DEPARTMENT OF HEALTH

Continued

	REVENUE $	ESTIMATES $
Public Health Policy		
Sales		
PHN Immunization	1,110	-
	1,110	
Family Health Centres		
Federal		
Miscellaneous	566,475	704,000
Sales		
PHN Immunization	163	-
	566,638	704,000
Total Primary Care	**961,038**	**704,000**
HEALTH INFORMATICS		
Island Health Information System		
Federal		
Miscellaneous	50,869	2,200,000
	50,869	2,200,000
Total Health Informatics	**50,869**	**2,200,000**
TOTAL DEPARTMENT OF HEALTH	**22,456,874**	**23,153,100**

DEPARTMENT OF THE PROVINCIAL TREASURY

	REVENUE $	ESTIMATES $
FISCAL MANAGEMENT		
Treasury Board Operations		
Federal		
Statutory Subsidy	137,500	-
Fees and Services		
Miscellaneous	88,149	117,400
	225,649	117,400
Economics, Statistics and Federal Fiscal Relations		
Federal		
Equalization	276,563,000	276,563,000
Canada Health & Social Transfer	85,970,410	113,762,600
CHST-Equipment Fund	39,391,026	2,198,300
Statutory Subsidy	541,465	679,000
Health Reform Transfer	2,688,168	15,014,000
Taxes		
Personal Income Tax	204,847,075	190,528,300
Corporate Income Tax	38,471,005	27,980,300
	648,472,149	626,725,500
Risk Management and Insurance		
Fees and Services		
Self Insurance Rebate	290,185	319,700
	290,185	319,700
Total Fiscal Management	**648,987,983**	**627,162,600**
OFFICE OF THE COMPTROLLER		
Accounting		
Federal		
Miscellaneous	187,247	180,000
Fees and Services		
FOIP Fees	15	-
Gain (Loss) on Foreign Exchange	31,066	-
Miscellaneous	237,114	-
Sales		
Cheques Written Off	16,833	-
Books/Publications	187	-
Gain on Disposal of Capital Assets	38,166	-
Miscellaneous	5,288	-
Total Office of the Comptroller	**515,916**	**180,000**

DEPARTMENT OF THE PROVINCIAL TREASURY continued

	REVENUE $	ESTIMATES $
TAXATION AND PROPERTY RECORDS		
Administration		
Fees and Services		
Registry of Deeds Fees	2,591,435	2,130,000
Tax Certificate Fees	23,740	10,000
GeoLinc PLUS User Fees	110,183	70,000
Municipal Administrative Fees	660,508	595,000
911 Cost Recovery	91,961	-
Sales		
Lottery Commission	12,159,499	19,700,000
Microfiche Sales	-	2,000
Geomatics Library	-	1,000
Geomatics Services	22,588	115,000
Photocopy Sales	12,544	-
Fax Sales	12,383	-
Miscellaneous	-	8,000
Taxes		
Health Tax on Liquor	12,797,449	12,475,100
Health Tax on Tobacco	28,183,165	29,000,000
Real Property Tax	60,223,687	55,900,000
Revenue Tax	179,576,874	178,500,000
Gasoline Tax	49,344,772	48,620,600
Corporation Capital Tax	2,043,023	3,300,000
Environmental Tax	577,703	580,000
Real Property Transfer Tax	2,358,364	1,700,000
Total Taxation and Property Records	**350,789,878**	**352,706,700**
INFORMATION SERVICES		
Document Publishing Centre		
Sales		
Miscellaneous	55,339	45,000
	55,339	45,000
Multimedia Services		
Fees and Services		
Miscellaneous	3,755	5,500
	3,755	5,500
Strategic Marketing and Design		
Sales		
Miscellaneous	665	500
	665	500
Total Information Services	**59,759**	**51,000**

DEPARTMENT OF THE PROVINCIAL TREASURY continued

	REVENUE $	ESTIMATES $
INFORMATION TECHNOLOGY GROUP		
Information Systems Delivery		
Sales		
Miscellaneous	46,350	178,000
	46,350	178,000
IT Operations		
Sales		
Miscellaneous	114,193	272,500
	114,193	272,500
Total Information Technology Group	**160,543**	**450,500**
TOTAL PROVINCIAL TREASURY	**1,000,514,079**	**980,550,800**

GENERAL GOVERNMENT

	REVENUE $	ESTIMATES $
MISCELLANEOUS GENERAL		
Sales		
Land	230,930	-
Total Miscellaneous General	**230,930**	-
GRANTS		
Investment		
Surplus - Agencies and Crown Corporations	299,871	-
Total Grants	**299,871**	-
GOVERNMENT INSURANCE PROGRAM		
Insurance Policies		
Fees and Services		
Insurance Premiums	39,312	-
Miscellaneous	-	24,400
Total Government Insurance Program	**39,312**	**24,400**
CONTINGENCY FUND		
Federal		
Miscellaneous	-	4,500,000
Total Contingency Fund	-	4,500,000
TOTAL GENERAL GOVERNMENT	**570,113**	**4,524,400**

PUBLIC SERVICE COMMISSION

	REVENUE $	ESTIMATES $
CLASSIFICATION AND EMPLOYEE RELATIONS		
Employee Assistance Programs		
Fees and Services		
Miscellaneous	60,000	60,000
	60,000	60,000
Occupational Health and Safety		
Fees and Services		
Miscellaneous	15,000	15,000
	15,000	15,000
Total Classiication and Employee Relations	**75,000**	**75,000**
STAFFING AND HUMAN RESOURCES PLANNING		
Fees and Services		
FOIP Fees	5	-
Miscellaneous	506,300	506,300
Total Staffing and Human Resources Planning	**506,305**	**506,300**
CORPORATE SERVICES		
Pensions and Benefits		
Federal		
French Services Agreement	22,500	-
Fees and Services		
Recoverable Pension Cost	355,510	380,000
	378,010	380,000
Language Training Centre		
Federal		
French Services Agreement	94,900	95,100
Sales		
Miscellaneous	199,759	141,700
	294,659	236,800
Total Corporate Services	**672,669**	**616,800**
TOTAL PUBLIC SERVICE COMMISSION	**1,253,974**	**1,198,100**

EMPLOYEE BENEFITS

	REVENUE $	ESTIMATES $
EMPLOYEES' FUTURE BENEFITS		
Fees & Services		
Recoverable Pension Cost	23,885	-
Total Employees' Future Benefits	**23,885**	-
PENSION MANAGEMENT		
Fees & Services		
Recoverable Pension Cost	64,366	100,300
Total Pension Management	**64,366**	**100,300**
TOTAL EMPLOYEE BENEFITS	**88,251**	**100,300**

DEPARTMENT OF SOCIAL SERVICES AND SENIORS

	REVENUE $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Director's Office		
Federal		
French Services Agreement	59,514	-
	59,514	-
FPT and Corporate Relations		
Federal		
French Services Agreement	50,754	-
	50,754	-
Total Corporate and financial Services	**110,268**	-
SOCIAL SUPPORTS		
Director's Office		
Fees and Services		
Op/Maint Rec Fr. Ct.	3,722	-
	3,722	-
Social Supports and Seniors' Services		
Federal		
Rehabilitation Program	1,375,660	1,376,000
	1,375,660	1,376,000
Housing Program		
Federal		
Housing Federal Revenue	2,054,847	1,530,000
Fees and Services		
Housing Rental	4,555,859	4,395,200
Miscellaneous	15,313	-
Sales		
Home Housing Authority	7,173	-
Miscellaneous	17,000	-
	6,650,192	5,925,200
Total Social Supports	**8,029,574**	**7,301,200**
CHILDREN AND YOUTH SERVICES		
Child Welfare		
Federal		
Children In-Care Special Allowance	474,839	400,000
Licenses & Permits		
Child Care Facility	2,050	-
Fees and Services		
Adoption Fees	300	-
OP / Maint. Fr. Rec Centre	9,326	-
Miscellaneous	150	-
	486,665	400,000

SOCIAL SERVICES AND SENIORS

Continued

	REVENUE $	ESTIMATES $
Healthy Child Development Strategy		
Federal		
Alcohol & Drug Treatment	-	301,000
Licenses and Permits		
Child Care Facility	-	1,700
	-	302,700
Policy and Standards		
Federal		
Maintenance of Indian Children in Care	185,000	150,000
	185,000	150,000
Total Children and Youth Services	**671,665**	**852,700**
DENTALHEALTH AND PROVINCIAL DRUG PROGRAMS		
Dental Program		
Fees and Services		
Patient Fees	44,114	-
Professional Services	5,934	-
Total Dental Health and Provincial Drug Programs	**50,048**	-
TOTAL SOCIAL SERVICES AND SENIORS	**8,861,555**	**8,153,900**

TOURISM PEI

	REVENUE $	ESTIMATES $
TOURISM DEVELOPMENT		
Visitor Services		
Fees and Services		
Sign Advertising Fees	119,892	115,000
Sales		
Royalty Fees VIC	12,891	15,000
	132,783	130,000
French Services		
Federal		
French Services Agreement	91,900	61,900
	91,900	61,900
Total Tourism Development	**224,683**	**191,900**
PROVINCIAL PARKS		
Brookvale		
Fees and Services		
Membership	19,900	16,000
Rentals	54,203	45,000
Fees - Brookvale Ski Park	92,261	149,000
Entry Way	5,352	-
Miscellaneous	871	-
Sales		
Concessions	19,076	10,000
	191,663	220,000
Parks Operations		
Fees and Services		
Park Fees	58,062	67,700
Campground Fees	675,195	799,400
PPSA Fees	2,398	-
Rentals	3,267	10,000
Fees - Brookvale Ski Park	3,934	
Miscellaneous	963	-
Sales		
Advertising	37	-
Vending Machines	15,026	20,000
Concessions	19,191	15,000
Miscellaneous	34,354	36,300
	812,427	948,400
Total Provincial Parks	**1,004,090**	**1,168,400**
TOTAL TOURISM PEI	**1,228,773**	**1,360,300**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	REVENUE $	ESTIMATES $
HIGHWAY SAFETY AND INFORMATION TECHNOLOGY		
Highway Safety Administration		
Federal		
National Safety Code	148,050	201,900
Licenses and Permits		
Motor Vehicle Licenses & Permits	12,345,455	11,527,100
Fees and Services		
Miscellaneous	-	124,300
Sales		
Miscellaneous	1,573	-
	12,495,078	11,853,300
Total Highway Safety Operations	**12,495,078**	**11,853,300**
HIGHWAY MAINTENANCE OPERATIONS		
Highway Maintenance Inventory Control		
Fees and Services		
Miscellaneous	102,012	150,000
Sales		
Miscellaneous	7,829	5,000
	109,841	155,000
Maintenance Administration - Western Region		
Fees and Services		
Miscellaneous	-	125,000
	-	125,000
Maintenance Administration - Central Region		
Fees and Services		
Miscellaneous	-	55,000
	-	55,000
Maintenance Administration - Eastern Region		
Fees and Services		
Miscellaneous	-	125,000
	-	125,000
Summer Maintenance - Central Region		
Sales		
Miscellaneous	20	1,000
	20	1,000
Winter Maintenance - Western Region		
Fees and Services		
Miscellaneous	114,063	87,300
	114,063	87,300
Winter Maintenance - Central Region		
Fees and Services		
Miscellaneous	69,094	10,600
	69,094	10,600

TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
Provincial Maintenance		
Fees and Services		
Sign Fees	467	-
Miscellaneous	64,237	-
Sales		
Miscellaneous	74,606	-
	139,310	-
Mechanical - Charlottetown Garage - Indirect		
Fees and Services		
Professional Services	-	15,000
	-	15,000
Total Highway Maintenance Operations	**432,328**	**573,900**
PUBLIC WORKS AND PLANNING		
Public Works Operations - Administration		
Fees and Services		
Miscellaneous	548	-
Sales		
Miscellaneous	(3,569)	7,400
	(3,021)	7,400
Building Maintenance Direct - Province House		
Fees and Services		
Public Building Rental	63,448	60,800
	63,448	60,800
Building Maintenance Direct - West Prince RSC		
Fees and Services		
Public Building Rental	12,092	29,000
	12,092	29,000
Building Maintenance Direct - Small Buildings		
Fees and Services		
Public Building Rental	14,231	17,400
	14,231	17,400
Building Accommodations - Small Lease Accommodations		
Fees and Services		
Public Building Rental	-	8,000
	-	8,000
Building Accommodations - Evangeline RSC		
Fees & Services		
Public Building Rental	6,003	5,100
	6,003	5,100
Building Accommodations-Davies Law Courts		
Fees and Services		
OP / Maintenance	(50)	-
	(50)	-

TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
Building Accommodations - Access PEI - Summerside		
Fees & Services		
Professional Services	-	
Public Building Rental	(12,448)	48,000
	(12,448)	48,000
SRDC 109 Water St		
Fees & Services		
Public Building Rental	172,157	220,000
	172,157	220,000
Properties		
Fees and Services		
Public Land Rentals	164,081	115,000
Insurance	75	
Miscellaneous	-	7,500
	164,156	122,500
Total Public Works and Planning	**416,568**	**518,200**
CAPITAL PROJECT DIVISION		
Traffic Operations - Sign Shop		
Sales		
Miscellaneous	61,137	1,000
	61,137	1,000
Western Region		
Sales		
Miscellaneous	4,155	-
	4,155	-
Bridge Maintenance - Operations		
Sales		
Miscellaneous	-	1,000
	-	1,000
Total Capital Project Division	**65,292**	**2,000**
TOTAL TRANSPORTATION AND PUBLIC WORKS	**13,409,266**	**12,947,400**

INVESTMENT

	REVENUE $	ESTIMATES $
Interest		
Federal Lending Program	905	900
Community Development Fund	51,992	46,900
PEI Lending Authority	7,211,267	7,092,000
PEI Housing Authority	512,775	512,800
PEI Business Development Inc	1,426,920	1,915,500
CADC	484,093	301,400
PEI Liquor Control Commission	296,285	293,600
Bank Accounts	1,354,711	230,000
Urban Services	19,241	21,200
PEI Energy Corporation	366,173	318,000
Golf PEI	500,675	498,100
Tourism PEI	266	-
Interest	946	11,200
Island Waste Management	136,765	259,800
Miscellaneous	594,004	-
TOTAL INVESTMENT INCOME	**12,957,018**	**11,501,400**

Details

Of

Ordinary Expenses With Estimates

For the Year Ended March 31, 2006

DEPARTMENT OF AGRICULTURE, FISHERIES, AND AQUACULTURE

	EXPENSES $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Finance and Administration		
Administration	68,464	61,000
Equipment	1,273	2,400
Materials, Supplies & Services	13,530	40,600
Professional & Contract Services	104,587	31,800
Salaries	842,699	541,300
Travel & Training	99,172	106,100
	1,129,725	783,200
Communications		
Administration	1,238	8,000
Equipment	-	900
Materials, Supplies & Services	15,254	24,300
Professional & Contract Services	2,675	9,000
Salaries	64,680	65,200
Travel & Training	4,598	3,900
	88,445	111,300
Information Technology		
Administration	5,135	6,900
Equipment	3,273	3,200
Materials, Supplies & Services	15,341	29,600
Salaries	349,246	454,000
Travel & Training	4,308	12,700
	377,303	506,400
Farm Income Risk Management		
Administration	40,696	29,900
Equipment	7,118	4,700
Materials, Supplies & Services	32,091	17,600
Professional & Contract Services	21,912	3,200
Salaries	1,364,999	1,050,400
Travel & Training	156,975	133,800
Grants		
Farm Support Adjustment (FSAM)	8,463,380	7,008,400
Crop Insurance Fund	2,866,228	2,600,000
Net Income Stabilization Account	1,665	-
ARIF Industry Development	67,000	67,000
Can Farm	82,591	-
Miscellaneous	-	712,500
	13,104,655	11,627,500
Total Corporate and Financial Services	**14,700,128**	**13,028,400**

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
AGRICULTURE RESOURCE DIVISION		
Division Management		
Administration	58,584	91,900
Equipment	50	6,300
Materials, Supplies & Services	5,812	11,700
Professional & Contract Services	1,146,996	961,300
Salaries	544,946	678,100
Travel & Training	23,289	13,300
Grants		
Miscellaneous	237,044	184,500
Miscellaneous	8,258	20,000
	2,024,979	1,967,100
Exhibitions		
Administration	6,585	7,700
Materials	475	900
Grants		
Miscellaneous	122,600	121,300
Association of Exhibitions	71,700	71,700
	201,360	201,600
P.E.I. Analytical Laboratories - Soil and Feed Lab		
Administration	8,349	7,100
Equipment	10	6,100
Materials, Supplies and Services	171,288	134,600
Professional and Contract Services	13,007	24,100
Salaries	467,083	428,100
Travel and Training	3,724	4,900
	663,461	604,900
Plant Health and Diagnostics Program		
Administration	3,653	5,100
Equipment	1,376	4,600
Materials, Supplies & Services	13,360	50,600
Professional & Contract Services	13,899	8,200
Salaries	128,127	251,300
Travel & Training	5,671	8,400
	166,086	328,200
Dairy Lab		
Administration	6,482	6,900
Equipment	23,903	5,300
Materials, Supplies & Services	152,855	131,700
Professional & Contract Services	11,764	9,000
Salaries	221,081	209,700
Travel & Training	6,563	7,600
	422,648	370,200

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
Farm Extension Services		
Administration	26,763	39,700
Equipment	836	4,900
Materials, Supplies & Services	15,254	21,700
Professional & Contract Services	26,029	23,000
Salaries	1,099,587	1,281,700
Travel & Training	101,190	114,200
Grants		
Beef Development Program	116,249	156,100
Interest Support Program	433,744	250,000
Miscellaneous	80,253	200,000
	1,899,905	2,091,300
Sustainable Agriculture Resources		
Administration	14,980	21,900
Equipment	93,961	6,600
Materials, Supplies & Services	12,805	17,600
Professional & Contract Services	4,179	55,200
Salaries	575,230	736,700
Travel & Training	48,577	47,000
Grants		
Miscellaneous	-	5,500
Tourism Investment Fund	47,153	250,000
SRCP Program	594,719	1,476,000
Miscellaneous	33,102	40,000
	1,424,706	2,656,500
Total Agriculture Resource Division	**6,803,145**	**8,219,800**
AGRICULTURE POLICY AND REGULATORY DIVISION		
Division Management		
Administration	15,924	12,400
Debt	1,700,000	
Equipment	520	400
Materials, Supplies & Services	467	1,600
Professional & Contract Services	785,454	795,200
Salaries	407,424	385,900
Travel & Training	39,537	22,200
Grants		
Maritime Provinces Harness Racing	-	76,500
Miscellaneous	43,950	20,000
Horse Development Program	166,544	126,000
Assistance to Out-of-Province	3,300	-
Grants to Commodity Boards	28,800	28,800
Aerospace Development	13,910	50,000
Marketing Assistance - Transport	9,487	13,500
PEI Artificial Breeders Association	27,000	27,000
Farm Organization Policy	52,105	59,900
Matinee Racetrack Assistance Program	11,410	9,000
Swine Quality Improvement Program	400,000	388,100
Interest Support Program	161,438	154,200
Operation	165,000	165,000
Miscellaneous	1,355,000	400,000
	5,387,270	2,735,700

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
4-H Program		
Administration	7,523	4,700
Equipment	-	400
Materials, Supplies and Services	1,087	1,400
Salaries	50,485	84,400
Travel & Training	5,235	10,000
Grants		
4-H Program	193,500	182,000
	257,830	282,900
Women's Institute		
Administration	7,476	1,300
Materials, Supplies & Services	769	2,900
Salaries	79,934	87,100
Travel & Training	330	1,100
Grants		
Program Assistance - WI	22,700	22,700
	111,209	115,100
School Milk Program		
Salaries	2,176	28,200
Travel & Training	206	1,600
Grants		
School Milk Program	67,000	63,000
	69,382	92,800
Marketing Council		
Administration	2,341	900
Equipment	785	200
Professional & Contract Services	67,483	54,400
Salaries	7,442	13,100
Travel & Training	9,335	9,300
	87,386	77,900
Plant Health Regulatory Program		
Administration	22,864	24,900
Equipment	622	2,900
Materials, Supplies & Services	21,968	32,500
Professional & Contract Services	193,792	239,700
Salaries	649,370	726,700
Travel & Training	153,789	120,500
	1,042,405	1,147,200
Regulatory Services		
Administration	2,242	2,500
Equipment	-	1,000
Materials, Supplies & Services	290	3,600
Professional & Contract Services	143,811	143,200
Salaries	119,763	155,400
Travel & Training	31,502	40,000
	297,608	345,700
Total Agriculture Policy and Regulatory Division	**7,253,090**	**4,797,300**

AGRICULTURE, FISHERIES, AND AQUACULTURE

Continued

	EXPENSES $	ESTIMATES $
FISHERIES AND AQUACULTURE		
Division Management		
Administration	22,471	23,800
Equipment	220	-
Materials, Supplies & Services	7,883	2,800
Professional & Contract Services	353,068	13,000
Salaries	133,989	237,200
Travel & Training	1,507	8,900
Grants		
Fisheries Organization Funding	86,133	132,700
Miscellaneous	350,000	270,000
	955,271	688,400
Services		
Administration	4,355	3,500
Equipment	421	3,500
Materials, Supplies & Services	65,550	76,900
Professional & Contract Services	12,102	6,000
Salaries	170,281	175,800
Travel & Training	31,179	27,200
Grants		
Travel Grant for Fishermen	-	1,300
Miscellaneous	32,000	-
	315,888	294,200
Marine Fisheries		
Administration	2,221	3,700
Equipment	842	300
Materials, Supplies & Services	5,590	7,600
Professional & Contract Services	103,128	64,100
Salaries	190,652	200,300
Travel & Training	28,131	20,100
Grants		
Fishermen Tech Advancement	-	5,800
	330,564	302,400
Aquaculture		
Administration	11,021	6,000
Equipment	18,420	19,900
Materials, Supplies & Services	42,582	47,800
Professional & Contract Services	6,050	39,300
Salaries	441,553	479,500
Travel & Training	43,840	51,900
Grants		
Agri-Food Development Agreement	9,414	63,500
Aquaculture Technology Program	9,900	50,000
Shellfish Enhancement	80,000	80,000
Aquaculture Futures Fund	73,128	72,000
Shellfish/Aquaculture Leasing Program	144,216	143,600
Miscellaneous	10,000	-
	890,124	1,053,500
Total Fisheries and Aquaculture	**2,491,847**	**2,338,500**
TOTAL AGRICULTURE, FISHERIES & AQUACULTURE	**31,248,210**	**28,384,000**

OFFICE OF THE ATTORNEY GENERAL

	EXPENSES $	ESTIMATES $
ADMINISTRATION		
Administration		
Administration	42,862	48,800
Equipment	359	1,500
Materials, Supplies & Service	49,144	49,800
Professional & Contract Services	49,874	30,000
Salaries	219,049	213,200
Travel	17,003	5,000
Total Administration	**378,291**	**348,300**
JUSTICE POLICY		
Constitutional Review/Native Council		
Grants		
Native Council of Canada	65,279	87,400
Miscellaneous	40,250	40,000
	105,529	127,400
Justice Policy		
Administration	4,622	5,200
Materials, Supplies & Services	179	1,200
Professional & Contract Services	9,606	20,000
Salaries	224,938	233,700
Travel & Training	10,139	5,400
	249,484	265,500
Human Rights Commission		
Grants		
Human Rights Commission	341,700	229,000
	341,700	229,000
Total Justice Policy	**696,713**	**621,900**
LEGAL AND JUDICIAL SERVICES		
Administration		
Administration	20,350	21,100
Equipment	1,887	-
Materials, Supplies & Services	52,685	23,600
Professional & Contract Services	153,950	154,400
Salaries	971,766	1,006,000
Travel & Training	10,431	12,200
Grants		
National Judicial Institute	1,922	2,100
Uniform Law Conference	2,700	2,600
Can Association of Chiefs of Police	-	1,000
The PEI Chiefs of Police Association	1,000	500
	1,216,691	1,223,500

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
Judicial Services		
Administration	108,548	104,500
Equipment	97,376	17,500
Materials, Supplies & Services	150,892	95,600
Professional & Contract Services	530,718	484,000
Salaries	1,573,865	1,571,100
Travel & Training	17,269	20,700
	2,478,668	2,293,400
Sheriff's Office		
Administration	9,405	14,600
Equipment	214	500
Materials, Supplies & Services	10,289	2,100
Professional & Contract Services	5	-
Salaries	470,546	551,100
Travel & Training	11,201	13,200
	501,660	581,500
Legislation		
Administration	11,104	7,900
Equipment	2,094	-
Materials, Supplies & Services	2,309	1,600
Salaries	347,861	439,900
Travel & Training	646	1,100
	364,014	450,500
Legal Aid		
Administration	30,287	30,800
Equipment	3,168	1,500
Materials, Supplies & Services	9,192	6,800
Professional & Contract Services	307,653	292,000
Salaries	880,966	855,700
Travel & Training	10,682	9,800
	1,241,948	1,196,600
Coroner's Inquests		
Administration	4,112	3,200
Professional & Contract Services	306,710	288,200
Salaries	292	-
Travel & Training	980	2,200
	312,094	293,600
Provincial Court Judges		
Administration	13,209	10,000
Equipment	-	5,000
Materials, Supplies & Services	2,965	-
Professional & Contract Services	1,725	1,800
Salaries	561,633	566,500
Travel & Training	28,753	7,800
	608,285	591,100

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
Family Law		
Administration	21,635	20,500
Debt	12,186	-
Equipment	5,722	3,000
Materials, Supplies & Services	833	3,800
Professional & Contract Services	69,373	90,800
Salaries	669,022	635,800
Travel & Training	10,375	4,100
	789,146	758,000
Total Legal and Judicial Services	**7,512,506**	**7,388,200**
CONSUMER, CORPORATE AND INSURANCE		
Corporate Services		
Administration	13,831	29,900
Equipment	2,498	9,800
Materials, Supplies & Services	5,495	16,000
Professional & Contract Services	122,769	54,200
Salaries	415,473	601,700
Travel & Training	5,872	12,000
	565,938	723,600
Consumer Services		
Administration	3,110	7,700
Equipment	1,391	1,600
Materials, Supplies & Services	807	5,400
Salaries	106,605	169,500
Travel & Training	4,356	5,500
	116,269	189,700
Insurance Services		
Salaries	235,076	312,700
Travel & Training	8,609	4,600
	243,685	317,300
Gun Control		
Administration	7,700	14,100
Equipment	593	1,000
Materials, Supplies & Services	7,606	8,500
Professional & Contract Services	270	1,000
Salaries	97,383	156,300
Travel & Training	7,982	5,400
	121,534	186,300
Total Consumer, Corporate and Insurance	**1,047,426**	**1,416,900**

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
CROWN ATTORNEY		
Administration		
Administration	22,039	29,200
Equipment	1,481	6,400
Materials, Supplies & Services	29,601	21,100
Professional & Contract Services	21,324	31,500
Salaries	802,613	876,600
Travel & Training	21,669	19,700
Total Crown Attorney	**898,727**	**984,500**
COMMUNITY AND CORRECTIONAL SERVICES		
Division Management		
Administration	27,168	35,200
Equipment	12,069	5,500
Materials, Supplies & Services	8,050	11,800
Professional & Contract Services	29,942	30,000
Salaries	511,075	656,800
Travel & Training	40,361	49,300
	628,665	788,600
Provincial Correctional Centre		
Administration	42,488	38,200
Equipment	39,224	25,000
Materials, Supplies & Services	376,626	338,100
Professional & Contract Services	33,553	23,700
Salaries	3,779,875	3,806,500
Travel & Training	29,229	37,300
	4,300,995	4,268,800
Prince County Correctional Centre		
Administration	10,362	9,900
Equipment	8,011	6,500
Materials, Supplies & Services	35,274	46,400
Professional & Contract Services	8,109	7,600
Salaries	703,308	627,200
Travel & Training	8,602	9,300
	773,666	706,900
Probation/Family Counseling		
Administration	27,778	31,200
Equipment	16,105	3,000
Materials, Supplies & Services	5,138	9,700
Professional & Contract Services	2,225	6,900
Salaries	975,772	1,138,800
Travel & Training	47,489	42,300
	1,074,507	1,231,900

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
Community Custody Program		
Administration	396	-
Salaries	78,859	-
	79,255	-
Youth Justice Services		
Administration	19,427	21,700
Equipment	4,548	3,800
Materials, Supplies & Services	7,732	10,800
Professional & Contract Services	13,562	54,000
Salaries	816,432	1,020,600
Travel & Training	70,024	55,100
	931,725	1,166,000
Georgetown Youth Centre		
Administration	17	-
Materials, Supplies & Services	380	-
Salaries	145,798	-
Travel & Training	283	-
	146,478	-
Summerside Youth Centre		
Administration	27,979	31,000
Equipment	10,954	5,700
Materials, Supplies & Services	146,913	103,500
Professional & Contract Services	9,767	12,700
Salaries	2,370,538	2,370,500
Travel & Training	91,290	24,900
	2,657,441	2,548,300
Victim Services		
Administration	10,683	10,500
Equipment	3,752	5,000
Materials, Supplies & Services	1,328	4,500
Professional & Contract Services	-	2,500
Salaries	455,252	491,500
Travel & Training	17,957	13,600
Grants		
Victim Services	100,410	100,000
	589,382	627,600
Clinical Services		
Administration	9,335	8,800
Equipment	5,247	6,500
Materials, Supplies & Services	39,082	6,600
Professional Contracts	319	2,000
Salaries	440,031	487,600
Travel & Training	23,410	23,700
	517,424	535,200
Total Community and Correctional Services	**11,699,538**	**11,873,300**

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENSES $	ESTIMATES $
PROVINCIAL POLICING SERVICES		
Administration	-	4,500
Professional & Contract Services	10,122,256	10,026,300
Travel and Training	2,216	-
Total Provincial Policing Services	**10,124,472**	**10,030,800**
TOTAL OFFICE OF THE ATTORNEY GENERAL	**32,357,673**	**32,663,900**

AUDITOR GENERAL

	EXPENSES $	ESTIMATES $
ADMINISTRATION		
Administration	28,892	33,000
Equipment	4,768	8,500
Materials, Supplies & Services	8,706	11,600
Professional & Contract Services	173,808	101,300
Salaries	1,088,187	1,166,600
Travel & Training	21,582	23,200
Grants		
Comprehensive Auditing Foundation	10,000	12,400
TOTAL AUDITOR GENERAL	**1,335,943**	**1,356,600**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

	EXPENSES $	ESTIMATES $
POLICY AND ADMINISTRATION		
Administration		
Administration	172,584	132,200
Equipment	587	8,000
Materials, Supplies & Services	72,511	88,100
Professional & Contract Services	53,500	87,500
Salaries	683,609	541,900
Travel & Training	19,141	26,000
	1,001,932	883,700
Infrastructure		
Administration	6,750	1,000
Equipment	31,674	-
Salaries	63,814	47,300
Professional & Contract Services	-	-
Materials, Supplies & Services	18,622	500
Travel & Training	4,194	1,200
Grants		
Infrastructure Program	11,220,857	6,290,200
	11,345,911	6,340,200
Information Technology		
Administration	7,429	-
Equipment	27,323	49,000
Materials, Supplies & Services	76	-
Professional & Contract Services	-	20,000
Salaries	283,640	312,400
Travel & Training	16,321	30,200
	334,789	411,600
Employer Advisor		
Administration	2,793	5,400
Equipment	365	1,400
Materials, Supplies & Services	835	4,000
Salaries	76,261	103,300
Travel & Training	4,799	6,700
	85,053	120,800
Total Policy and Administration	**12,767,685**	**7,756,300**
PLANNING AND INSPECTION SERVICES		
Administration		
Administration	22,222	21,100
Equipment	2,771	-
Materials, Supplies & Services	10,041	12,800
Salaries	304,117	369,900
Travel & Training	2,803	5,800
	341,954	409,600

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
Provincial Planning		
Professional & Contract Services	7,859	-
Salaries	180,317	286,800
Travel & Training	3,363	3,800
	191,539	290,600
Fire Marshal		
Administration	84	-
Materials, Supplies & Services	771	-
Salaries	181,603	226,000
Travel & Training	22,760	18,500
Grants		
Fire Fighting Assistance	1,930	6,600
Workers Compensation Claims	38,075	72,600
Training Program	8,500	8,500
Miscellaneous	25,000	25,000
	278,723	357,200
Building and Development		
Administration	526	-
Salaries	567,540	584,400
Travel & Training	51,899	31,500
	619,965	615,900
Emergency Measures Organization		
Administration	540	2,000
Materials, Supplies & Services	-	100
Salaries	63,651	61,500
Travel & Training	-	2,000
Grants		
Disaster Relief	185,958	500,000
	250,149	565,600
Joint Emergency Preparedness Projects		
Administration	11,492	9,200
Equipment	-	800
Materials, Supplies & Services	4,357	1,300
Professional & Contract Services	15,624	6,000
Salaries	158,992	163,400
Travel & Training	11,561	9,100
	202,026	189,800
Electrical Inspection		
Salaries	211,150	228,000
Travel & Training	27,846	29,900
	238,996	257,900
Boiler and Plumbing Inspection		
Salaries	290,439	340,500
Travel & Training	46,150	38,600
	336,589	379,100

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
Municipal Affairs		
Administration	175	100
Professional & Contract Services	916	10,000
Salaries	163,119	171,700
Travel & Training	5,971	1,700
Grants		
Federation of PEI Municipalities	68,000	43,000
Municipal Equalization Grants	1,809,662	1,836,000
Debt Retirement	-	43,400
Municipal Training Support	-	2,400
	2,047,843	2,108,300
911 Administration		
Administration	7,387	10,300
Equipment	6,326	1,600
Materials, Supplies & Services	12,365	9,700
Professional & Contract Services	234,499	233,500
Salaries	231,958	233,900
Travel & Training	2,166	5,000
	494,701	494,000
Total Planning and Inspection Services	**5,002,485**	**5,668,000**
LABOUR AND INDUSTRIAL RELATIONS		
Administration		
Administration	13,560	10,900
Equipment	432	3,300
Materials, Supplies & Services	6,182	5,400
Professional & Contract Services	12,694	-
Salaries	243,547	225,900
Travel & Training	11,695	3,400
Grants		
Miscellaneous	2,500	2,500
	290,610	251,400
Labour Relations Board		
Administration	9,705	5,300
Materials, Supplies & Services	3,937	3,800
Professional & Contract Services	24,828	28,800
Salaries	117,920	97,100
Travel & Training	1,616	2,400
	158,006	137,400
Industrial Relations		
Administration	4,037	2,300
Materials, Supplies & Services	2,304	1,900
Professional & Contract Services	5,000	-
Travel & Training	848	700
	12,189	4,900

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
Employment Standards		
Administration	2,147	1,200
Materials, Supplies & Services	2,571	900
Professional & Contract Services	3,446	1,300
Salaries	63,898	66,200
Travel & Training	2,601	3,700
	74,663	73,300
Industrial Relations Council		
Administration	824	400
Professional & Contract Services	2,387	-
Salaries	7,875	4,700
Travel & Training	1,125	900
	12,211	6,000
Total Labour and Industrial Relations	**547,679**	**473,000**
PROVINCIAL LIBRARIES		
Library Headquarters and Technical Services		
Administration	11,237	14,900
Equipment	6,818	1,000
Materials, Supplies & Services	62,724	54,300
Professional & Contract Services	1,153	-
Salaries	285,240	308,300
Travel & Training	11,575	11,800
	378,747	390,300
Confederation Centre Public Library		
Administration	12,640	17,800
Equipment	-	1,800
Materials, Supplies & Services	143,653	144,700
Professional & Contract Services	10,518	10,000
Salaries	648,720	663,500
Travel & Training	3,388	1,900
	818,919	839,700
French Library Services		
Administration	3,510	3,500
Equipment	331	800
Materials, Supplies & Services	53,571	56,900
Professional & Contract Services	517	1,000
Salaries	303,478	304,000
Travel & Training	1,399	3,700
	362,806	369,900
Branch Libraries		
Administration	1,504	1,300
Professional & Contract Services	400	-
Materials, Supplies & Services	73,349	74,200
Salaries	506,311	570,600
Travel & Training	3,180	4,200
	584,744	650,300
Total Provincial Libraries	**2,145,216**	**2,250,200**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
CULTURE AND HERITAGE		
Cultural Affairs		
Administration	6,628	3,200
Equipment	540	500
Materials, Supplies & Services	18,392	1,400
Professional & Contract Services	140,473	15,000
Salaries	293,043	238,100
Travel & Training	14,370	9,400
Grants		
Cultural Development Program	149,027	243,200
Acadian Development	45,555	50,000
Heritage Archeology	44,955	38,000
Cultural Affairs		
Fathers of Confederation	760,000	760,000
PEI Council of the Arts	234,500	223,500
Carrefour Development Program	496,530	496,200
Cultural Industries Support	17,013	5,000
Miscellaneous	282,945	283,600
	2,503,971	2,367,100
Public Archives and Records Office		
Administration	2,747	1,900
Equipment	10,267	800
Materials, Supplies & Services	5,459	13,000
Salaries	250,508	292,300
Travel & Training	2,288	1,800
	271,269	309,800
Total Culture and Heritage	**2,775,240**	**2,676,900**

	EXPENSES $	ESTIMATES $
P.E.I MUSEUM AND HERITAGE FOUNDATION		
General		
Salaries	855,228	774,700
Total P.E.I Museum and Heritage Foundation	**855,228**	**774,700**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENSES $	ESTIMATES $
RECREATION AND SPORT		
Recreation and Sports		
Administration	1,637	3,000
Equipment	143	500
Materials, Supplies & Services	1,183	1,400
Salaries	447,421	434,600
Travel	16,889	16,300
Grants		
Sports Hall of Fame	1,132,305	875,000
Sport PEI	209,900	209,900
Best Ever Program	964,906	250,500
Bilateral	394,933	400,000
Community Recreation Support Program	307,175	289,600
Sports Organization Assistance	201,295	215,000
Rec & Sports Assoc Physically	551,573	552,000
2009 Canada Games	2,000,000	-
Miscellaneous	220,330	241,400
Total Recreation and Sport	**6,449,690**	**3,489,200**
TOTAL COMMUNITY AND CULTURAL AFFAIRS	**30,543,223**	**23,088,300**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	EXPENSES $	ESTIMATES $
DEPARTMENTAL MANAGEMENT		
Administration		
Administration	43,924	36,600
Equipment	-	8,000
Materials, Supplies & Services	28,469	22,400
Professional & Contract Services	7,666	5,800
Salaries	538,647	544,700
Travel & Training	22,114	26,700
	640,820	644,200
Policy and Planning		
Administration	500	3,500
Materials, Supplies & Services	769	3,000
Professional & Contract Services	39,808	21,000
Salaries	1,394	40,500
Travel & Training	4,669	14,300
	47,140	82,300
Finance and Administration		
Grants		
Miscellaneous	920,590	-
	920,590	-
Total Departmental Management	**1,608,550**	**726,500**
SINGLE WINDOW SERVICE		
Government Website		
Administration	8,470	10,400
Equipment	6,156	4,500
Materials, Supplies & Services	1,370	3,900
Professional & Contract Services	14,090	15,200
Salaries	503,810	485,200
Travel & Training	3,233	4,100
	537,129	523,300
Summerside Access PEI		
Administration	44,671	84,400
Equipment	14,735	-
Professional & Contract Services	240	-
Materials, Supplies & Services	11,579	19,400
Salaries	361,195	402,400
Travel & Training	685	11,000
	433,105	517,200

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	EXPENSES $	ESTIMATES $
Souris Access PEI		
Administration	35,182	43,700
Materials, Supplies & Services	5,887	5,600
Salaries	272,945	277,400
Travel & Training	7,157	8,000
	321,171	334,700
West Prince RSC		
Administration	54,588	60,100
Equipment	568	1,800
Materials, Supplies & Services	5,332	8,100
Salaries	195,724	203,400
Travel & Training	3,634	3,000
	259,846	276,400
Southern Kings and Queens RSC		
Administration	45,177	57,000
Equipment	822	-
Materials, Supplies & Services	8,198	9,400
Salaries	289,349	304,700
Travel & Training	2,077	4,800
	345,623	375,900
Evangeline RSC		
Administration	6,162	14,800
Equipment	392	500
Materials, Supplies & Services	3,876	5,500
Salaries	146,627	145,100
Travel & Training	1,242	2,500
	158,299	168,400
Tignish and Area Government Services Centre		
Administration	2,106	-
Materials, Supplies & Services	1,001	-
Salaries	70,284	62,600
Travel & Training	1,630	1,200
	75,021	63,800
Alberton Access PEI		
Administration	3,693	3,300
Equipment	-	300
Materials, Supplies & Services	351	-
Salaries	41,599	42000
Travel & Training	1,488	1,600
	47,131	47,200
Riverside Access PEI		
Administration	16,037	17,800
Equipment	850	6,000
Materials, Supplies & Services	33,006	29,800
Salaries	567,758	635,200
Travel & Training	12,110	11,900
	629,761	700,700
Total Single Window Service	**2,807,086**	**3,007,600**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	EXPENSES $	ESTIMATES $
COMMUNITY AND LABOUR MARKET DEVELOPMENT		
Administration	12,898	13,200
Materials, Supplies & Services	2,804	1,400
Professional & Contract Services	4,877	7,000
Salaries	607,185	722,800
Travel & Training	33,157	42,700
Grants		
Community Development	545,848	500,000
Adult Basic Education	130,000	100,000
Strategic Opportunities	261,150	197,300
Community Capacity	27,328	50,000
Total Community and Labour Market Development	**1,625,247**	**1,634,400**
TOTAL DEVELOPMENT AND TECHNOLOGY	**6,040,883**	**5,368,500**

PEI BUSINESS DEVELOPMENT INC

	EXPENSES $	ESTIMATES $
PEI BUSINESS DEVELOPMENT INC		
Grants		
Operations - Crown Corporations	23,982,600	20,376,200
TOTAL PEI BUSINESS DEVELOPMENT INC	**23,982,600**	**20,376,200**

EMPLOYMENT DEVELOPMENT AGENCY

	EXPENSES $	ESTIMATES $
MANAGEMENT		
Administration	13,728	13,200
Equipment	7,147	7,400
Materials, Supplies & Services	2,803	8,100
Salaries	330,400	379,400
Travel & Training	6,712	10,400
Total Management	**360,790**	**418,500**
JOB CREATION AND PLACEMENT		
Community Projects		
Salaries	34,366	-
Grants		
Special Projects/Job creation	1,446,842	1,312,700
Community Job Creation Projects	443,982	550,700
Total Job Creation and Placement	**1,925,190**	**1,863,400**
LABOUR FORCE DEVELOPMENT		
Professional & Contract Services	-	50,000
Grants		
Training Program	5,694	20,000
Workplace	50,519	200,000
Private Sector	122,612	150,000
Total Labour Force Development	**178,825**	**420,000**
JOBS FOR YOUTH		
Private and Non-Profit		
Grants		
Work for Youth - Private Sector	69,779	112,900
Work for Youth - Non-Profit Sector	513,063	464,100
	582,842	577,000
Public Sector		
Salaries	324,717	268,000
Total Jobs for Youth	**907,559**	**845,000**
TOTAL EMPLOYMENT DEVELOPMENT AGENCY	**3,372,364**	**3,546,900**

DEPARTMENT OF EDUCATION

	EXPENSES $	ESTIMATES $
POLICY, PLANNING AND EVALUATION		
General		
Administration	2,265	-
Materials, Supplies & Services	302	-
Salaries	169,360	-
Travel & Training	1,767	-
	173,694	-
Assessment and Evaluation		
Administration	555	-
Equipment	1,460	-
Materials, Supplies & Services	1,878	-
Professional & Contract Services	3,684	-
Salaries	38,757	-
Travel & Training	2,567	-
	48,901	-
Total Policy, Planning and Evaluation	**222,595**	**-**
FINANCE AND SCHOOL BOARD OPERATIONS		
Administration		
Administration	162,817	137,500
Equipment	2,185	18,800
Materials, Supplies & Services	131,169	107,700
Professional & Contract Services	3,757	-
Salaries	859,796	785,100
Travel & Training	61,491	57,900
Grants		
PEI Federation of Home and School	27,000	27,600
Miscellaneous	132,489	88,400
	1,380,704	1,223,000
Provincial Learning Materials Distribution Centre		
Administration	118	-
Materials, Supplies & Services	1,061,254	1,097,700
Year-End Adjustment - Book Inventory	(218,207)	-
Salaries	112,128	114,600
Travel & Training	2,206	2,000
	957,499	1,214,300

DEPARTMENT OF EDUCATION

Continued

	EXPENSES $	ESTIMATES $
Grants to School Boards		
Administration	423	-
Professional & Contract Services	18,727	-
Materials, Supplies & Services	8,358	-
Salaries	129,691,762	129,703,800
Travel & Training	135	-
Grants		
School Unit Administration	2,683,835	2,814,500
School Unit Maintenance	8,594,655	8,353,300
School Unit Transportation	2,691,601	2,516,200
School Unit Program	1,998,816	1,946,400
School Construction Costs	1,475,295	-
School Unit Capital	1,203,228	1,003,300
School Unit Bus Purchases	1,434,833	-
	149,801,668	146,337,500
Total Finance and School Board Operation	**152,139,871**	**148,774,800**
TECHNOLOGY IN LEARNING		
Systems and Technology Services		
Administration	779,322	762,300
Equipment	363,379	200,800
Materials, Supplies & Services	46,256	38,700
Professional & Contract Services	24,230	18,000
Salaries	1,384,434	1,531,300
Travel & Training	85,732	75,400
	2,683,353	2,626,500
Technology in Education		
Administration	9,390	1,000
Equipment	99,547	105,000
Materials, Supplies & Services	647	2,000
Professional & Contract Services	11,806	14,300
Salaries	488,573	487,600
Travel & Training	10,949	20,900
	620,912	630,800
Total Technology in Learning	**3,304,265**	**3,257,300**
BRANCH ADMINISTRATION AND KINDERGARTEN		
Administration		
Administration	14,966	2,900
Equipment	64	-
Materials, Supplies & Services	25,114	10,200
Professional & Contract Services	26,214	51,000
Salaries	145,118	136,300
Travel & Training	6,313	6,100
Grants		
Miscellaneous	2,932	-
	220,721	206,500

DEPARTMENT OF EDUCATION

Continued

	EXPENSES $	ESTIMATES $
Kindergarten		
Administration	2,065	10,000
Materials, Supplies & Services	138,366	148,500
Professional & Contract Services	4,971	11,700
Salaries	246,640	219,200
Travel & Training	12,722	5,600
Grants		
Miscellaneous	2,685,479	2,656,700
	3,090,243	3,051,700
Total Branch Administration and Kindergarten	**3,310,964**	**3,258,200**
ENGLISH PROGRAMS		
Human Resource Development		
Administration	15,267	15,500
Materials, Supplies & Services	1,338	11,000
Professional & Contract Services	27,809	33,500
Salaries	110,432	150,000
Travel & Training	2,948	3,400
Grants		
Teachers Federation In Service Projects	52,000	58,000
	209,794	271,400
Programs - General		
Administration	22,956	25,500
Equipment	7,650	5,000
Materials, Supplies & Services	10,512	24,500
Professional & Contract Services	33,390	67,500
Salaries	253,349	252,600
Travel & Training	4,818	6,300
Grants		
Miscellaneous	80,611	52,500
	413,286	433,900
Elementary Programs		
Administration	7,104	6,000
Equipment	45,231	4,200
Materials, Supplies & Services	52,523	101,300
Professional & Contract Services	53,613	76,100
Salaries	664,259	699,200
Travel & Training	13,682	15,600
	836,412	902,400

DEPARTMENT OF EDUCATION

Continued

	EXPENSES $	ESTIMATES $
Secondary Programs		
Administration	6,943	8,000
Equipment	321	4,100
Materials, Supplies & Services	88,719	101,100
Professional & Contract Services	30,800	45,800
Salaries	559,661	667,500
Travel & Training	11,660	18,600
	698,104	845,100
Total English Programs	**2,157,596**	**2,452,800**
FRENCH PROGRAMS		
General		
Administration	9,305	9,700
Equipment	6,865	-
Materials, Supplies & Services	736,729	382,800
Professional & Contract Services	67,039	42,100
Salaries	712,282	772,600
Travel & Training	42,587	21,700
Grants		
Minority and Second Language	150,591	136,500
Total French Programs	**1,725,398**	**1,365,400**
STUDENT SERVICES		
General		
Administration	19,167	3,700
Equipment	39,024	47,900
Materials, Supplies & Services	74,063	11,100
Professional & Contract Services	17,411	47,200
Salaries	1,140,397	1,268,500
Travel & Training	56,969	49,800
Grants		
Resource Centres - APSEA	787,092	810,100
Safe Graduation Program	5,600	5,600
Allied Youth	34,847	35,800
Other Youth	-	2,400
Miscellaneous	41,101	67,300
Total Student Services	**2,215,671**	**2,349,400**

DEPARTMENT OF EDUCATION

Continued

	EXPENSES $	ESTIMATES $
CONTINUING EDUCATION AND TRAINING		
General		
Administration	24,248	32,900
Equipment	1,160	3,900
Materials, Supplies & Services	1,715	10,500
Professional & Contract Services	16,236	4,500
Salaries	801,739	827,300
Travel & Training	25,724	13,000
	870,822	892,100
Apprenticeship and Training		
Administration	4,540	1,800
Equipment	421	-
Materials, Supplies & Services	737	1,300
Professional & Contract Services	43,729	34,800
Salaries	254,883	282,900
Travel & Training	23,967	12,500
Grants		
Apprenticeship Training Allowances	1,800	2,500
	330,077	335,800
Post Secondary Grants		
Grants		
Education	156,749	150,000
College L'Acadie	450,000	300,800
Student Assistance	3,632,323	4,047,100
MPHEC	41,164,882	41,316,900
Atlantic Region Vet College	6,925,818	6,940,300
Atlantic Police Academy	450,000	450,000
Community Schools	20,000	20,000
Labour Market Development	5,191,165	5,552,000
Adult Night Classes	124,200	124,200
Miscellaneous	10,000	10,000
Adult Basic Education	100,000	100,000
Industry Incentives	100,000	100,000
	58,325,137	59,111,300
Total Continuing Education and Training	**59,526,036**	**60,339,200**
TOTAL DEPARTMENT OF EDUCATION	**224,602,396**	**221,797,100**

ISLAND REGULATORY AND APPEALS COMMISSION

	EXPENSES $	ESTIMATES $
GENERAL		
Grants		
Operating Grant	1,200,000	1,200,000
TOTAL ISLAND REGULATORY AND APPEALS COMMISSION	**1,200,000**	**1,200,000**

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

	EXPENSES $	ESTIMATES $
DEPARTMENT MANAGEMENT		
Administration	4,776	8,900
Materials, Supplies & Services	1,901	3,000
Salaries	316,930	260,400
Travel & Training	19,153	17,700
Grants		
C.C.R.E.M	10,000	10,000
Miscellaneous	2,250	9,000
Total Department Management	**355,010**	**309,000**
POLLUTION PREVENTION		
Administration		
Administration	27,000	31,600
Equipment	110	-
Materials, Supplies & Services	6,522	7,900
Professional & Contract Services	4,167	4,400
Salaries	112,372	242,900
Travel & Training	14,421	21,300
	164,592	308,100
Air and Hazardous Materials		
Administration	5,083	5,100
Equipment	26,192	27,600
Materials, Supplies & Services	25,659	34,800
Professional & Contract Services	436,625	114,400
Salaries	388,410	411,600
Travel & Training	46,793	42,900
Grants		
Miscellaneous	3,500	3,500
	932,262	639,900
Environmental Assessment		
Administration	2,643	600
Equipment	1,539	-
Materials, Supplies & Services	1,050	2,000
Professional & Contract Services	94,154	5,500
Salaries	325,733	202,700
Travel & Training	33,839	21,700
	458,958	232,500

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

	EXPENSES $	ESTIMATES $
Pesticide Control		
Administration	7,072	12,500
Equipment	587	900
Materials, Supplies & Services	3,355	4,500
Salaries	136,736	188,800
Travel & Training	16,971	30,500
Professional & Contract Services	12,057	45,200
	176,778	282,400
Total Pollution Prevention	**1,732,590**	**1,462,900**
WATER MANAGEMENT		
Administration		
Administration	33,636	28,400
Equipment	-	2,400
Materials, Supplies & Services	19,873	16,100
Professional & Contract Services	26,163	19,600
Salaries	180,607	175,200
Travel & Training	8,843	2,800
	269,122	244,500
Watershed Management		
Administration	2,238	900
Equipment	1,065	-
Materials, Supplies & Services	4,413	4,800
Salaries	325,369	261,200
Travel & Training	14,938	20,300
	348,023	287,200
Watershed Management Program		
Administration	151	1,700
Equipment	10,865	2,500
Materials, Supplies & Services	1,360	8,300
Salaries	185,787	241,900
Travel & Training	18,568	33,300
Grants		
Miscellaneous	128,459	135,000
	345,190	422,700
Drinking Water Management		
Administration	1,824	17,500
Equipment	22,226	12,200
Materials, Supplies & Services	7,485	15,000
Professional & Contract Services	9,294	10,000
Salaries	435,118	506,700
Travel & Training	42,504	61,100
	518,451	622,500

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

Continued

	EXPENSES $	ESTIMATES $
PEI Analytical Laboratories - Microbiology		
Administration	1,860	3,500
Equipment	-	18,300
Materials, Supplies & Services	56,223	86,000
Professional & Contract Services	52,116	20,600
Salaries	375,425	390,200
Travel & Training	4,626	2,000
	490,250	520,600
PEI Analytical Laboratories - Chemistry		
Administration	1,219	2,000
Equipment	4,657	4,500
Materials, Supplies & Services	35,107	33,800
Professional & Contract Services	16,197	10,400
Salaries	82,821	107,000
Travel & Training	1,728	400
	141,729	158,100
Shellfish Program		
Administration	1,018	800
Equipment	14,280	-
Professional & Contract Services	100	-
Materials, Supplies & Services	7,194	10,700
Salaries	60,254	57,900
Travel & Training	5,551	10,600
	88,397	80,000
Pesticide Monitoring Program		
Administration	435	300
Equipment	1,081	-
Materials, Supplies & Services	383	3,000
Professional & Contract Services	42,762	81,500
	44,661	84,800
Total Water Management	**2,245,823**	**2,420,400**
CONSERVATION AND MANAGEMENT		
Administration		
Administration	43,402	48,400
Equipment	12,661	9,000
Materials, Supplies & Services	26,371	26,000
Professional & Contract Services	153,916	108,900
Salaries	484,996	728,300
Travel & Training	68,405	81,300
Grants		
Wildlife Conservation	137,437	175,800
	927,188	1,177,700
Wetland Management		
Professional & Contract Services	48,505	101,000
	48,505	101,000

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

Continued

	EXPENSES $	ESTIMATES $
Investigation and Enforcement		
Administration	31,641	19,000
Equipment	12,377	3,200
Materials, Supplies & Services	15,310	11,800
Professional & Contract Services	3,569	40,000
Salaries	468,564	456,500
Travel & Training	101,744	95,500
	633,205	626,000
Total Conservation and Management	**1,608,898**	**1,904,700**
ADMINISTRATION		
Administration	33,766	43,400
Equipment	3,167	7,800
Materials, Supplies & Services	8,418	16,000
Professional & Contract Services	-	8,200
Salaries	474,186	213,400
Travel & Training	2,140	6,800
Total Administration	**521,677**	**295,600**
ENERGY AND MINERALS		
Administration	8,508	10,000
Equipment	1,430	5,000
Materials, Supplies & Services	288,940	10,500
Professional & Contract Services	324,981	105,000
Travel & Training	17,872	23,000
Salaries	192,411	152,100
Total Energy and Minerals	**834,142**	**305,600**
FORESTRY AND LAND RESOURCE MODELING		
Division Management		
Administration	35,171	33,000
Equipment	1,314	1,300
Materials, Supplies & Services	15,040	15,000
Professional & Contract Services	4,953	700
Salaries	237,684	369,400
Travel & Training	22,678	28,200
Grants		
Miscellaneous	8,020	10,800
	324,860	458,400
Forest Fire Protection		
Administration	13,109	7,000
Equipment	1,117	2,700
Materials, Supplies & Services	5,761	11,400
Professional & Contract Services	4,088	9,000
Salaries	83,868	85,000
Travel & Training	70,813	62,100
Grants		
Forest Fire Truck Maintenance	7,465	6,400
	186,221	183,600

DEPARTMENT OF ENVIRONMENT, ENERGY AND FORESTRY

Continued

	EXPENSES $	ESTIMATES $
Production Development		
Administration	36,285	34,300
Equipment	4,205	10,500
Materials, Supplies & Services	210,713	208,200
Professional & Contract Services	5,279	10,000
Salaries	623,347	661,300
Travel & Training	13,507	15,100
	893,336	939,400
Provincial Forests Program		
Administration	38,220	51,000
Equipment	8,640	17,900
Materials, Supplies & Services	53,719	62,100
Professional & Contract Services	106,783	135,900
Salaries	1,019,731	1,047,600
Travel & Training	82,794	94,400
	1,309,887	1,408,900
Private Land Program		
Administration	5,811	4,900
Equipment	2,010	1,400
Materials, Supplies & Services	6,130	7,200
Professional & Contract Services	1,082	1,000
Salaries	578,819	570,400
Travel & Training	83,690	83,200
Grants		
Forest En	105,293	100,000
Woodlot Owners	868,178	870,400
	1,651,013	1,638,500
Resource Inventory and Modeling		
Administration	6,247	6,900
Equipment	18,092	25,400
Materials, Supplies & Services	17,734	12,300
Professional & Contract Services	41,146	50,400
Salaries	447,601	473,000
Travel & Training	30,844	31,700
	561,664	599,700
Greening Spaces Program		
Administration	1,093	2,500
Equipment	2,140	2,000
Materials, Supplies & Services	38,562	46,300
Professional & Contract Services	29,643	21,000
Salaries	46,188	85,200
Travel and Training	684	2,900
Grants		
Miscellaneous	9,795	17,000
	128,105	176,900
Total Forestry and Land Resource Modeling	**5,055,086**	**5,405,400**
TOTAL ENVIRONMENT, ENERGY AND FORESTRY	**12,353,226**	**12,103,600**

P.E.I. ENERGY CORPORATION

	EXPENSES $	ESTIMATES $
OPERATIONS		
Grants		
Operating Grant	349,600	346,300
TOTAL P.E.I. ENERGY CORPORATION	**349,600**	**346,300**

EXECUTIVE COUNCIL

	EXPENSES $	ESTIMATES $
PREMIER'S OFFICE		
Administration	31,136	27,000
Equipment	1,600	4,700
Materials, Supplies and Services	6,631	7,600
Salaries	529,425	519,800
Travel & Training	83,316	53,800
Total Premier's Office	**652,108**	**612,900**
EXECUTIVE COUNCIL OFFICE		
Administration	19,165	25,000
Equipment	2,004	4,800
Materials, Supplies and Services	4,478	7,300
Salaries	948,056	958,400
Travel & Training	7,828	16,000
Total Executive Council Office	**981,531**	**1,011,500**
PLANNING AND RESEARCH		
Professional & Contract Services	68,299	62,500
Total Planning and Research	**68,299**	**62,500**
INTERGOVERNMENTAL AFFAIRS		
Administration	1,494	-
Salaries	196,408	192,800
Travel & Training	46,913	46,600
Grants		
Canadian Intergovernmental Conference Secretariat	18,265	13,800
Total Intergovernmental Affairs	**263,080**	**253,200**
ACADIAN AND FRANCOPHONE AFFAIRS		
Acadian and Francophone Affairs		
Administration	8,767	9,900
Equipment	239	1,800
Materials, Supplies & Services	10,831	13,600
Professional & Contract Services	131,566	82,400
Salaries	372,901	390,800
Travel & Training	18,618	14,100
Grants		
Miscellaneous	19,535	15,500
	562,457	528,100

EXECUTIVE COUNCIL

continued

	EXPENSES $	ESTIMATES $
Acadian Communities Advisory Council		
Administration	2,046	2,700
Materials, Supplies & Services	1,934	700
Salaries	3,274	6,300
Travel & Training	1,569	2,700
	8,823	12,400
Total Acadian and Francophone Affairs	**571,280**	**540,500**
CORPORATE POLICY		
Administration	2,105	15,900
Equipment	1,429	5,200
Materials, Supplies & Services	388	11,900
Professional & Contract Services	8,709	23,300
Salaries	373,386	1,560,100
Travel & Training	266	62,800
Total Corporate Policy	**386,283**	**1,679,200**
TOTAL EXECUTIVE COUNCIL	**2,922,581**	**4,159,800**

DEPARTMENT OF HEALTH

	EXPENSES $	ESTIMATES $
CORPORATE SERVICES		
Deputy Minister's Office		
Administration	9,908	18,100
Equipment	1,043	-
Materials, Supplies & Services	1,788	1,200
Salaries	455,760	385,600
Travel & Training	23,645	28,400
	492,144	433,300
General Office		
Administration	49,328	165,500
Equipment	51,200	8,900
Materials, Supplies & Services	32,559	167,400
Professional & Contract Services	385,983	116,600
Salaries	2,597,658	2,809,000
Travel & Training	99,091	114,200
Grants		
Education Bursaries	425,000	76,800
Miscellaneous	145,371	588,200
	3,786,190	4,046,600
Corporate Relations and Evaluation		
Administration	17,648	16,400
Debt	30	-
Equipment	82,378	1,100
Materials, Supplies & Services	17,362	11,400
Professional & Contract Services	15,209	33,400
Salaries	563,188	393,400
Travel & Training	28,497	7,400
	724,312	463,100
Total Corporate Services	**5,002,646**	**4,943,000**
FINANCIAL SERVICES		
Financial Services		
Administration	668,851	985,700
Debt	561,003	20,000
Equipment	45,934	100,000
Materials, Supplies & Services	230,081	399,000
Professional & Contract Services	603,419	1,194,000
Salaries	5,016,468	3,228,300
Travel & Training	112,514	181,600
Grants		
Regional Services	(589,751)	-
Gertrude-Cotton Trust	-	4,000
Hospital Capital Equipment Grant	1,551,053	2,200,000
	8,199,572	8,312,600

DEPARTMENT OF HEALTH

Continued

	EXPENSES $	ESTIMATES $
Financial Planning		
Administration	257,720	14,300
Equipment	60	-
Materials, Supplies & Services	36,921	1,000
Professional & Contract Services	-	6,000
Salaries	293,486	361,000
Travel & Training	13,858	18,400
Grants		
Regional Services	(83,789)	-
	518,256	400,700
Total Financial Services	**8,717,828**	**8,713,300**
POPULATION HEALTH		
Chief Health Officer		
Administration	5,500	9,400
Equipment	2,556	-
Materials, Supplies & Services	713,917	805,400
Professional & Contract Services	73,880	37,300
Salaries	388,776	424,200
Travel & Training	10,681	8,200
	1,195,310	1,284,500
Health Research and Epidemiology		
Administration	2,018	3,800
Equipment	2,011	1,500
Materials, Supplies & Services	2,106	2,900
Professional & Contract Services	5,435	30,000
Salaries	193,108	286,200
Travel & Training	3,384	3,500
Grants		
Miscellaneous	189,143	125,000
	397,205	452,900
Vital Statistics		
Administration	7,056	8,500
Equipment	830	400
Materials, Supplies & Services	10,116	4,500
Professional & Contract Services	2,368	2,600
Salaries	238,233	264,500
Travel & Training	8,611	4,600
Grants		
Regional Services	18	-
	267,232	285,100

DEPARTMENT OF HEALTH

Continued

	EXPENSES $	ESTIMATES $
General Office		
Administration	4,305	-
Equipment	-	300
Materials, Supplies & Services	2,156	-
Professional & Contract Services	10,467	4,100
Salaries	280,084	69,800
Travel & Training	20,674	8,800
	317,686	83,000
Environmental Health and Inspection Services		
Administration	10,333	13,300
Equipment	2,424	3,900
Materials, Supplies & Services	2,071	6,800
Professional & Contract Services	75,961	66,900
Salaries	366,348	419,700
Travel	38,100	42,500
	495,237	553,100
Total Population Health	**2,672,670**	**2,658,600**
MEDICAL PROGRAMS		
General Office		
Administration	5,262	8,000
Equipment	49	1,500
Materials, Supplies & Services	1,142	1,000
Equipment	3,113	4,000
Salaries	228,300	229,800
Travel & Training	17,236	14,500
Grants		
Miscellaneous	13,880	10,200
Miscellaneous	-	500
	268,982	269,500
Medicare Services		
Administration	17,766	24,000
Equipment	775	1,800
Materials, Supplies & Services	3,648	6,000
Professional & Contract Services	54,800,171	55,490,000
Salaries	517,172	375,600
Travel	567	4,600
Grants		
Regional Services	(8,083)	-
	55,332,016	55,902,000

DEPARTMENT OF HEALTH

Continued

	EXPENSES $	ESTIMATES $
Physician Services		
Administration	15,825	14,600
Equipment	-	400
Materials, Supplies & Services	4,701	2,000
Professional & Contract Services	26,702,844	23,594,800
Salaries	296,214	315,200
Travel & Training	27,986	11,200
Grants		
Regional Services	(19,416)	-
Ground Ambulance Program	4,362,039	4,428,900
Canadian Blood Agency	2,313,665	330,000
Atlantic Research Council	20,000	28,800
Miscellaneous	28,294	22,300
	33,752,152	28,748,200
Physician Recruitment and Medical Education		
Administration	1,989	12,400
Equipment	-	5,000
Materials, Supplies & Services	27,228	18,000
Professional & Contract Services	17,708	68,000
Salaries	241,664	252,400
Travel & Training	23,998	12,300
Grants		
Residency Training	75,856	100,000
Miscellaneous	886,583	1,026,000
	1,275,026	1,494,100
Total Medical Programs	**90,628,176**	**86,413,800**
PROVINCIAL ACUTE CARE		
In Province Accute Care Hospitals		
Queen Elizabeth Hospital		
Administration	1,077,011	819,500
Debt	129,506	-
Equipment	597,788	81,300
Materials, Supplies & Services	22,919,429	26,540,800
Professional & Contract Services	1,321,029	1,310,600
Salaries	60,375,380	57,391,100
Travel	248,783	325,500
Grants		
Operating - Queen Elizabeth	(1,134,887)	-
	85,534,039	86,468,800

DEPARTMENT OF HEALTH

Continued

	EXPENSES $	ESTIMATES $
Prince County Hospital		
Administration	446,988	478,900
Debt	17,983	-
Equipment	961,400	16,600
Materials, Supplies & Services	6,802,397	5,372,300
Professional & Contract Services	258,592	670,800
Salaries	24,419,798	24,902,500
Travel	113,916	126,700
Grants		
Operating - Prince County	(264,214)	-
	32,756,860	31,567,800
Hillsborough Hospital		
Administration	151,703	138,900
Equipment	7,972	47,900
Materials, Supplies & Services	1,030,781	1,235,500
Professional & Contract Services	169,839	151,800
Salaries	7,495,515	7,225,500
Travel	64,504	62,900
	8,920,314	8,862,500
TOTAL PROVINCIAL ACUTE CARE	**127,211,213**	**126,899,100**
COMMUNITY HOSPITALS AND CONTINUING CARE		
Community Hospitals		
Western Hospital	4,058,511	4,116,800
Community Hospital	5,742,628	4,025,300
Stewart Memorial Hospital	2,035,758	2,135,800
Kings County Memorial Hospital	5,613,705	5,775,000
Souris Hospital	3,906,304	4,117,800
	21,356,906	20,170,700
Provincial Homes and Manors		
Administration	533,560	459,000
Equipment	661,975	70,100
Materials, Supplies & Services	4,262,286	3,919,900
Professional & Contract Services	290,311	403,000
Salaries	33,352,040	33,293,800
Travel &Training	42,097	130,300
	39,142,269	38,276,100
Home Care and Support		
Administration	61,750	51,100
Equipment	14,519	31,600
Materials, Supplies & Services	73,431	180,300
Professional & Contract Services	39,684	41,100
Salaries	7,036,624	8,255,000
Travel &Training	563,101	486,200
	7,789,109	9,045,300

DEPARTMENT OF HEALTH

Continued

	EXPENSES $	ESTIMATES $
Dialysis Program		
Administration	1,742	
Equipment	45,070	
Materials, Supplies & Services	866,562	
Professional & Contract Services	154,774	
Salaries	999,348	
Travel &Training	14,649	
	2,082,145	1,443,600
General Office		
Administration	4,943	-
Equipment	-	-
Materials, Supplies & Services	2,437	-
Professional & Contract Services	687	-
Salaries	120,979	-
Travel & Training	2,320	-
Grants		
Miscellaneous	-	-
	131,366	-
Private Nursing Homes		
Grants		
Private Nursing Homes	8,992,252	9,113,600
	8,992,252	9,113,600
Total Community Hospitals and Continuing Care	**79,494,047**	**78,049,300**
PRIMARY CARE		
Chronic Disease Management		
Administration	23,640	7,700
Equipment	8,215	100
Materials, Supplies & Services	48,915	17,600
Professional & Contract Services	12,332	95,000
Salaries	8,885	387,900
Travel &Training		
Grants	6,552	217,400
	108,539	725,700
Family Health Centres		
Administration	436,708	29,200
Equipment	67,414	18,900
Materials, Supplies & Services	235,616	48,900
Professional & Contract Services	709,028	312,700
Salaries	4,981,247	4,250,700
Travel & Training	136,852	28,600
Grants		
Miscellaneous	149,800	150,000
Regional Services	(90,444)	-
School Milk Program	32	-
	6,626,253	4,839,000

DEPARTMENT OF HEALTH

Continued

	EXPENSES $	ESTIMATES $
Health Information Resource Centre		
Administration	11,753	-
Equipment	332	-
Materials, Supplies & Services	62,528	-
Professional and Contract Services	108,876	-
Salaries	532,005	-
Travel & Training	18,779	-
Grants		
Miscellaneous	64,773	-
	799,046	-
Addiction Services		
Administration	130,892	115,300
Equipment	34,942	22,300
Materials, Supplies & Services	394,046	437,600
Professional & Contract Services	81,256	145,200
Salaries	5,887,841	6,049,900
Travel & Training	62,270	78,500
Grants		
Regional Services	(32,084)	-
	6,559,163	6,848,800
Community Mental Health		
Administration	164,918	244,400
Equipment	8,292	40,700
Materials, Supplies & Services	23,130	108,300
Professional & Contract Services	34,585	103,300
Salaries	3,982,299	5,809,400
Travel & Training	69,490	170,500
Grants		
Regional Services	(12,441)	-
Canadian Mental Health Association	156,372	-
Canadian Mental Health Association	173,332	-
Canadian Mental Health Association	594,800	-
Miscellaneous	145,260	1,084,200
	5,340,037	7,560,800
Reproductive Care Program		
Administration	890	2,000
Materials, Supplies & Services	3,511	2,300
Salaries	78,550	75,600
Travel	2,505	2,000
	85,456	81,900

DEPARTMENT OF HEALTH

Continued

	EXPENSES $	ESTIMATES $
Public Health Nursing		
Administration	93,926	94,600
Equipment	19,201	6,800
Materials, Supplies & Services	76,434	85,700
Professional & Contract Services	33,725	9,300
Salaries	4,648,931	4,602,800
Travel	123,549	101,600
Grants		
Miscellaneous	31,694	-
Regional Services	(122,234)	-
	4,905,226	4,900,800
Total Primary Care	**24,423,720**	**24,957,000**
HEALTH INFORMATICS		
Implementation and Support		
Administration	89,515	20,800
Equipment	12,879	500
Materials, Supplies & Services	33,439	400
Salaries	2,075,695	2,324,700
Travel	32,655	18,500
	2,244,183	2,364,900
Information Resources		
Administration	3,393	5,300
Materials, Supplies & Services	2,425	-
Salaries	429,060	425,300
Travel & Training	1,731	1,800
	436,609	432,400
Island Health Information System Project		
Administration	60,451	63,400
Equipment	1,364,066	513,100
Materials, Supplies & Services	572,713	1,966,800
Professional & Contract Services	-	5,166,100
Salaries	78,835	-
Travel	125,326	81,000
	2,201,391	7,790,400
Information Technology Management		
Administration	3,661	5,500
Equipment	-	4,500
Materials, Supplies & Services	3	11,500
Professional & Contract Services	50,000	77,700
Salaries	152,921	131,800
Travel	3,704	14,000
	210,289	245,000
Total Health Informatics	**5,092,472**	**10,832,700**
TOTAL DEPARTMENT OF HEALTH	**343,242,772**	**343,466,800**

LEGISLATIVE ASSEMBLY

	EXPENSES $	ESTIMATES $
LEGISLATIVE SERVICES		
Administration	101,270	104,500
Equipment	34,191	28,500
Materials, Supplies and Services	91,190	79,400
Professional & Contract Services	63,899	51,000
Salaries	1,023,809	1,009,100
Travel & Training	20,095	15,100
Grants		
Opposition Members Office	73,300	73,300
Commonwealth Parliamentary Association	17,908	16,000
Government Members Office	95,400	95,400
Total Legislative Services	**1,521,062**	**1,472,300**
MEMBERS		
Salaries	1,495,019	1,557,400
Travel & Training	104,739	98,400
Total Members	**1,599,758**	**1,655,800**
OFFICE OF THE CONFLICT OF INTEREST COMMISSIONER		
Professional & Contract Services	-	25,000
Salaries	25,598	-
Travel & Training	-	3,200
Total Office of the Conflict of Interest Commissioner	**25,598**	**28,200**
OFFICE OF THE INFORMATION AND PRIVACY COMMISSIONER		
Administration	3,259	4,900
Materials, Supplies & Services	1,522	1,600
Professional & Contract Services	157	1,000
Salaries	60,188	67,000
Travel & Training	5,671	5,000
Total Office of the Information & Privacy Commissioner	**70,797**	**79,500**
ELECTIONS		
General		
Administration	3,724	5,000
Equipment	332	1,300
Materials, Supplies and Services	2,145	2,500
Professional & Contract Services	1,530	2,000
Salaries	244,642	174,100
Travel & Training	3,239	4,000
	255,612	188,900

LEGISLATIVE ASSEMBLY

Continued

	EXPENSES $	ESTIMATES $
Election Expense		
Administration	3,164	-
Equipment	2,87	-
Materials, Supplies & Services	29,901	-
Professional & Contract Services	119	-
Travel & Training	2,154	-
	154,657	-
Total Elections	**410,269**	**188,900**
COMMONWEALTH PARLIAMENTARY CONFERENCE		
Administration	29,881	42,000
Total Commonwealth Parlimentary Conference	**29,881**	**42,000**
COMMISSION ON PEI'S ELECTORAL FUTURE		
Administration	3,961	10,000
Materials, Supplies & Services	10,425	40,000
Professional & Contract Services	153,075	15,000
Salaries	79,496	58,200
Travel & Training	15,938	25,000
Total Commission on PEI's Electoral Future	**262,895**	**148,200**
TOTAL LEGISLATIVE ASSEMBLY	**3,920,260**	**3,614,900**

DEPARTMENT OF THE PROVINCIAL TREASURY

	EXPENSES $	ESTIMATES $
ADMINISTRATION		
General		
Administration	19,197	21,700
Equipment	1,149	2,000
Professional & Contract Services	17,470	
Materials, Supplies & Services	1,661	2,900
Salaries	282,594	262,000
Travel & Training	62,510	57,900
Total Administration	**384,581**	**346,500**
FISCAL MANAGEMENT		
Treasury Board Operations		
Administration	42,120	21,600
Equipment	9,648	5,700
Materials, Supplies & Services	25,656	9,700
Professional & Contract Services	190,214	126,900
Salaries	487,613	485,300
Travel & Training	23,180	4,000
	778,431	653,200
Debt, Investment and Pension Management		
Administration	5,938	17,500
Equipment	-	5,700
Materials, Supplies & Services	-	9,700
Professional & Contract Services	8,021	104,500
Salaries	239,199	340,900
Travel & Training	8,012	28,100
	261,170	506,400
Economics, Statistics and Federal Fiscal Relations		
Administration	6,184	-
Materials, Supplies & Services	748	-
Professional & Contract Services	19,558	-
Salaries	303,059	-
Travel & Training	20,576	-
	350,125	-
Central Administration		
Administration	-	5,700
Equipment	-	1,900
Materials, Supplies & Services	-	1,900
Salaries	-	2,033,900
Travel & Training	-	3,700
	-	2,047,100

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENSES $	ESTIMATES $
Risk Management and Insurance		
Administration	6,522	4,700
Equipment	585	800
Materials, Supplies & Services	837	800
Professional & Contract Services	47,404	47,900
Salaries	228,861	267,300
Travel & Training	4,293	5,300
	288,502	326,800
Total Fiscal Management	**1,678,228**	**3,533,500**
OFFICE OF THE COMPTROLLER		
Accounting		
Administration	23,900	26,800
Equipment	5,843	11,700
Materials, Supplies & Services	391,457	396,900
Professional & Contract Services	-	10,000
Salaries	704,560	831,200
Travel & Training	9,205	16,300
	1,134,965	1,292,900
Procurement		
Administration	6,303	11,700
Equipment	642	5,700
Materials, Supplies & Services	271	2,700
Professional & Contract Services	-	2,000
Salaries	171,301	270,200
Travel & Training	1,115	3,700
	179,632	296,000
Total Office of the Comptroller	**1,314,597**	1,588,900
TAXATION AND PROPERTY RECORDS		
Administration		
Administration	16,939	26,500
Debt	1,341,529	1,362,000
Materials, Supplies & Services	10,615	13,200
Salaries	355,588	265,500
Travel & Training	13,753	17,000
	1,738,424	1,684,200
Tax Audit, Collection and Inspection Services		
Salaries	1,109,700	1,217,300
Travel & Training	83,644	100,000
	1,193,344	1,317,300

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENSES $	ESTIMATES $
Tax Administration and Client Services		
Administration	95,888	121,400
Equipment	10,377	5,000
Materials, Supplies & Services	72,859	96,600
Professional & Contract Services	246,756	93,700
Salaries	1,317,547	1,478,000
Travel & Training	7,760	16,000
	1,751,187	1,810,700
Information Technology Services		
Administration	5,088	-
Equipment	22,222	5,400
Materials, Supplies & Services	182	40,100
Professional & Contract Services	292,122	476,200
Salaries	513,967	502,200
Travel & Training	18,596	12,300
	852,177	1,036,200
Property Assessment Services		
Materials, Supplies & Services	403	1,400
Salaries	938,493	981,900
Travel & Training	65,348	80,900
	1,004,244	1,064,200
Total Taxation and Property Records	**6,539,376**	**6,912,600**
INFORMATION SERVICES		
Document Publishing Centre		
Administration	771,904	784,100
Materials, Supplies & Services	386,958	464,800
Professional & Contract Services	73,414	50,000
Salaries	571,532	574,800
Travel & Training	2,269	900
	1,806,077	1,874,600
Multimedia Services		
Administration	10,513	12,900
Equipment	7,127	7,700
Materials, Supplies & Services	42,510	65,200
Salaries	437,173	592,600
Travel & Training	10,086	19,600
	507,409	698,000
Strategic Marketing and Design		
Administration	10,478	27,600
Equipment	9,011	3,700
Materials, Supplies & Services	8,823	38,600
Salaries	438,731	399,300
Travel & Training	305	1,800
	467,348	471,000

DEPARTMENT OF THE PROVINCIAL TREASURY

	EXPENSES $	ESTIMATES $
Administration		
Administration	365	4,500
Materials, Supplies & Services	14	1,100
Salaries	20,550	156,900
	20,929	162,500
Total Information Services	**2,801,763**	**3,206,100**
INFORMATION TECHNOLOGY MANAGEMENT GROUP		
Administration		
Administration	34,774	34,800
Equipment	475	1,400
Materials, Supplies & Services	2,718	6,500
Salaries	212,333	346,300
Travel & Training	68,227	129,600
	318,527	518,600
Information Systems Delivery		
Administration	18,188	14,000
Equipment	7,896	500
Materials, Supplies & Services	2,013	3,000
Professional & Contract Services	369,449	312,000
Salaries	1,519,130	1,519,100
Travel & Training	-	1,600
	1,916,676	1,850,200
IT Operations		
Administration	29,903	59,500
Equipment	30,326	26,800
Materials, Supplies & Services	918,666	969,700
Professional & Contract Services	28,806	-
Salaries	898,696	1,076,200
Travel & Training	6,323	15,100
	1,912,720	2,147,300
Telecommunications		
Administration	9,554	17,900
Equipment	3,651	-
Materials, Supplies & Services	311,207	323,900
Professional & Contract Services	104,320	143,600
Salaries	437,193	484,200
Travel & Training	5,515	4,100
	871,440	973,700
Total Information Technology Management Group	**5,019,363**	**5,489,800**

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENSES $	ESTIMATES $
PROGRAM RENEWAL		
Program Renewal		
Administration	6,724	10,200
Equipment	2,930	-
Materials, Supplies & Services	318	3,300
Salaries	183,636	138,200
Travel & Training	4,515	8,000
	198,123	159,700
General		
Administration	1,302	-
Salaries	72,019	-
	73,321	-
Total Program Renewal	**271,444**	**159,700**
TOTAL PROVINCIAL TREASURY	**18,009,352**	**21,237,100**

GENERAL GOVERNMENT

	EXPENSES $	ESTIMATES $
MISCELLANEOUS GENERAL		
Administration	99,146	130,000
Professional & Contract Services	-	35,900
Travel & Training	125,044	48,000
Total Miscellaneous General	**224,190**	**213,900**
GRANTS		
Eastern Canadian Premiers Secretariat	-	5,100
Relief from Property Tax	170,000	776,000
Charlottetown Driving Park	662,472	-
Prince County Horseman's Association	132,441	-
Miscellaneous	247,459	57,600
Total Grants	**1,212,372**	**838,700**
GOVERNMENT INSURANCE PROGRAM		
Insurance Policies		
Administration	1,041,634	1,293,900
Total Government Insurance Program	**1,041,634**	**1,293,900**
SALARY NEGOTIATIONS		
Salary Negotiation - Salaries	903,674	1,587,000
Total Salary Negotiations	**903,674**	**1,587,000**
CONTINGENCY FUND		
Professional & Contract Services	2,940,240	-
Grants		
Miscellaneous	1,102,760	6,637,400
Total Contingency Fund	**4,043,000**	**6,637,400**
FEDERAL/PROVINCIAL ARRANGEMENTS		
Grants		
Miscellaneous	-	8,100,000
Total Federal/Provincial Arrangements	**-**	**8,100,000**
TOTAL GENERAL GOVERNMENT	**7,424,870**	**18,670,900**

TECHNOLOGY ASSET MANAGEMENT

	EXPENSES $	ESTIMATES $
TECHNOLOGY ASSET MANAGEMENT		
Equipment Rental	2,481,628	2,721,800
TOTAL TECHNOLOGY ASSET MANAGEMENT	**2,481,628**	**2,721,800**

P.E.I. LENDING AGENCY

	EXPENSES $	ESTIMATES $
GENERAL		
Grants		
Operating Grant	6,405,300	1,715,900
TOTAL PEI LENDING AGENCY	**6,405,300**	**1,715,900**

COUNCIL OF ATLANTIC PREMIERS

	EXPENSES $	ESTIMATES $
COUNCIL OF ATLANTIC PREMIERS		
Council of Atlantic Ministers of Education and Training	15,917	15,900
Council of Atlantic Premiers Secretariat	17,400	17,400
Maritime Provinces Higher Education Commission	85,543	86,000
Atlantic Provinces Community College Consortium	4,640	4,200
TOTAL COUNCIL OF ATLANTIC PREMIERS	**123,500**	**123,500**

PUBLIC SERVICE COMMISSION

	EXPENSES $	ESTIMATES $
MANAGEMENT		
Administration	25,039	19,200
Equipment	480	-
Materials, Supplies and Services	150	3,100
Professional & Contract Services	4,245	7,000
Salaries	175,677	165,400
Travel & Training	5738	7,300
Total Management	**211,329**	**202,000**
CLASSIFICATION AND EMPLOYEE RELATIONS		
Employee Assistance Programs		
Administration	8,563	11,700
Equipment	143	500
Materials, Supplies and Services	1,211	4,500
Salaries	248,997	242,800
Travel & Training	12,161	8,700
	271,075	268,200
Occupational Health and Safety		
Administration	4,436	5,900
Equipment	-	-
Materials, Supplies and Services	4,421	4,900
Professional & Contract Services	400	15,000
Salaries	148,869	146,700
Travel & Training	6,930	8,900
	165,056	181,400
Classification and Labour Relations		
Administration	5,718	7,100
Equipment	-	5,400
Materials, Supplies & Services	2,500	-
Professional & Contract Services	857,494	830,300
Salaries	443,747	463,800
Travel & Training	2,712	7,200
	1,312,171	1,313,800
Total Classification and Employee Relations	**1,748,302**	**1,763,400**
STAFFING AND HUMAN RESOURCES PLANNING		
Administration	19,074	24,000
Equipment	1,373	700
Materials, Supplies and Services	16,345	22,200
Salaries	957,649	929,100
Travel & Training	22,551	12,000
Grants		
Miscellaneous	9,331	10,000
Total Staffing and Human Resources Planning	**1,026,323**	**998,000**

PUBLIC SERVICE COMMISSION

Continued

	EXPENSES $	ESTIMATES $
CORPORATE SERVICES		
Pensions and Benefits		
Administration	11,333	15,500
Equipment	3,479	4,700
Materials, Supplies and Services	5,233	6,800
Salaries	443,154	454,600
Travel & Training	9,052	6,900
	472,251	488,500
Systems and Administration		
Administration	13,608	8,700
Equipment	12,558	-
Materials, Supplies and Service	286,114	1,635,300
Professional & Contract Services	44,944	-
Salaries	327,252	298,400
Travel & Training	869	5,300
	685,345	1,947,700
Language Training Centre		
Administration	6,384	9,000
Materials, Supplies and Services	4,193	4,000
Salaries	313,234	290,900
Travel & Training	4,115	6,500
	327,926	310,400
Corporate Services and Finance		
Administration	11,991	14,800
Equipment	-	600
Materials, Supplies and Service	4,635	16,000
Salaries	132,238	131,100
Travel & Training	292,774	308,300
	441,638	470,800
Total Corporate Services	**1,927,160**	**3,217,400**
TOTAL PUBLIC SERVICE COMMISSION	**4,913,114**	**6,180,800**

EMPLOYEE BENEFITS

	EXPENSES $	ESTIMATES $
MEDICAL / LIFE BENEFITS		
Administration	16	-
Salaries	218,881	317,600
Total Medical / Life Benefits	**218,897**	**317,600**
EMPLOYEES' FUTURE BENEFITS		
Debt	11,784,385	5,769,100
Professional & Contract Services	4,182	-
Salaries	8,477,229	4,194,300
Total Employees' Future Benefits	**20,265,796**	**9,963,400**
GOVERNMENT PENSION CONTRIBUTION		
Debt	8,518,253	12,910,400
Government Pension Salaries	13,269,202	4,367,600
Total Government Pension Contribution	**21,787,455**	**17,278,000**
PENSION MANAGEMENT		
Administration	660	30,000
Equipment	-	4,500
Professional & Contract Services	246,007	197,900
Salaries	13,897	26,900
Total Pension Management	**260,564**	**259,300**
TOTAL EMPLOYEE BENEFITS	**42,532,712**	**27,818,300**

DEPARTMENT OF SOCIAL SERVICES AND SENIORS

	EXPENSES $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Administration	290,692	158,500
Debt	6,918	-
Equipment	11,107	10,400
Materials, Supplies & Services	14,454	94,500
Professional & Contract Services	177,452	124,600
Salaries	1,436,523	1,745,500
Travel & Training	71,910	84,600
Total Corporate and Financial Services	**2,009,056**	**2,218,100**
SOCIAL SUPPORTS		
Family Violence Prevention		
Administration	652	4,400
Materials, Supplies & Services	941	1,600
Salaries	98,651	96,400
Travel & Training	3,446	4,000
Grants		
PEI Rape and sexual Assault	157,800	157,800
Transition House	553,800	553,800
	815,290	818,000
General Office		
Administration	27,696	33,100
Equipment	0	500
Materials, Supplies & Services	2,402	9,900
Professional & Contract Services	77,310	31,000
Salaries	342,501	553,700
Travel & Training	6,542	15,900
Grants		
Canadian Mental Health Association	-	588,200
Miscellaneous	-	159,800
	456,451	1,392,100

DEPARTMENT OF SOCIAL SERVICES AND SENIORS

Continued

	EXPENSES $	ESTIMATES $
Social Supports and Seniors' Services		
Administration	311,331	518,500
Debt	266	-
Equipment	12,898	143,600
Materials, Supplies & Services	12,105	216,900
Professional & Contract Services	77,265	184,200
Salaries	7,212,756	15,878,100
Travel & Training	167,348	429,300
Grants		
Regional Services	(421,772)	-
Catholic Family Services Bureau	61,325	-
PEI Association For Community	41,600	-
PEI Education Coalition	8,800	-
Canadian Institute for the Blind	68,000	-
PEI Council of the Disabled	81,600	-
Employability Assistance	676	-
Professional Services Association	2,200	-
Children In Care Special Allowance	470,794	-
Miscellaneous	40,295,133	40,095,600
	48,402,325	57,466,200
Social Assistance/Disability Supports West		
Grants		
Operations	1,435,932	-
Miscellaneous	3,191,200	-
	4,627,132	-
Housing Program		
Administration	1,146,046	1,076,700
Debt	3,317,236	3,321,000
Equipment	91,603	39,200
Materials, Supplies & Services	2,935,844	721,800
Professional & Contract Services	281,043	409,000
Salaries	1,063,803	937,000
Travel & Training	99,045	74,900
Grants		
Comprehensive	666,724	-
Miscellaneous	45,850	400,000
	9,647,194	6,979,600
Office of Seniors		
Administration	33	-
Travel & Training	927	-
	960	-
Total Social Supports	**63,949,352**	**66,655,900**

DEPARTMENT OF SOCIAL SERVICES AND SENIORS

Continued

	EXPENSES $	ESTIMATES $
CHILDREN AND YOUTH SERVICES		
Director of Child Welfare		
Administration	362,915	208,100
Equipment	10,801	14,100
Materials, Supplies & Services	267,257	153,300
Professional & Contract Services	49,489	17,500
Salaries	10,513,641	3,266,000
Travel & Training	425,800	97,900
Grants		
Federation of Foster Families	27,152	48,200
Children-In-Care Special Allowance	2,914,667	2,926,400
Miscellaneous	162,977	127,000
Regional Services	(9,610)	-
	14,725,089	6,858,500
Healthy Child Development Strategy		
Administration	12,177	15,200
Equipment	81	-
Materials, Supplies & Services	377	3,500
Professional & Contract Services	126,743	62,000
Salaries	196,775	270,800
Travel & Training	7,219	9,700
Grants		
Regional Services		
Day Care Centers Maintenance	259,018	310,000
Day Care Centers Special Needs	1,095,641	1,115,000
Early Childhood Development Association	75,114	75,100
Miscellaneous	2,069,419	4,911,000
	3,842,564	6,772,300
Total Children and Youth Services	**18,567,653**	**13,630,800**
DENTAL HEALTH AND PROVINCIAL DRUG PROGRAMS		
Dental Program		
Administration	13,227	11,300
Equipment	44,891	19,500
Materials, Supplies & Services	80,709	140,000
Professional & Contract Services	816,937	1,255,400
Salaries	1,293,989	1,069,400
Travel & Training	48,083	42,700
	2,297,836	2,538,300

DEPARTMENT OF SOCIAL SERVICES AND SENIORS

Continued

	EXPENSES $	ESTIMATES $
Pharmacy Program		
Administration	24,283	24,600
Equipment	3,422	6,900
Materials, Supplies & Services	22,145,036	337,100
Professional & Contract Services	61,198	26,700
Salaries	763,588	793,000
Travel & Training	5,835	9,800
Seniors Drug Cost Assistance Program	-	11,012,300
Multiple Sclerosis Medications Assistance Program	-	838,000
PEI Family Health Benefit	-	246,700
Financial Assistance	-	5,434,800
Diabetes Control Program	-	1,060,800
Private Nursing Homes Program	-	524,000
Provincial Pharmacy Delivered Programs	-	3,163,800
Grants		
Miscellaneous	48,662	-
	23,052,024	23,478,500
Total Dental Health and Provincial Drug Programs	**25,349,860**	**26,016,800**
TOTAL SOCIAL SERVICES AND SENIORS	**109,875,921**	**108,521,600**

TOURISM PEI

	EXPENSE $	ESTIMATES $
TOURISM PEI		
Grants		
Tourism PEI Inc	13,272,471	12,177,800
TOTAL TOURISM PEI	**13,272,471**	**12,177,800**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	EXPENSES $	ESTIMATES $
FINANCE AND HUMAN RESOURCES		
Executive Office		
Administration	33,731	23,100
Materials, Supplies & Services	1,819	2,700
Salaries	254,825	254,300
Travel & Training	13,616	17,900
	303,991	298,000
Director's Office - Finance, HR and Operations		
Administration	16,741	13,500
Materials, Supplies & Services	-	500
Professional & Contract Services	363	12,800
Salaries	170,192	160,000
Travel & Training	4,888	4,100
	192,184	190,900
Finance Section		
Administration	14,618	14,100
Equipment	576	500
Materials, Supplies & Services	22,968	15,600
Salaries	250,311	355,500
Travel & Training	4,508	4,500
	292,981	390,200
Human Resources Section		
Administration	10,257	6,100
Equipment	803	-
Materials, Supplies & Services	1,152	1,100
Salaries	415,923	358,800
Travel & Training	13,305	15,100
	441,440	381,100
Total Finance and Human Resources	**1,230,596**	**1,260,200**
HIGHWAY SAFETY AND INFORMATION TECHNOLOGY		
Highway Safety Administration		
Administration	122,894	117,500
Equipment	53	900
Materials, Supplies & Services	23,369	21,100
Professional & Contract Services	57,754	224,700
Salaries	124,647	124,900
Travel & Training	13,289	45,000
	342,006	534,100
Promotion Highway Safety		
Administration	14,035	2,000
Equipment	154	1,000
Materials, Supplies & Services	8,947	26,300
Professional & Contract Services	-	1,000
Salaries	567,164	558,200
Travel & Training	12,604	5,200
	602,904	593,700

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Registration and Licensing		
Administration	16,063	900
Equipment	276	4,400
Materials, Supplies & Services	138,792	99,400
Professional & Contract Services	240	-
Salaries	460,997	632,000
Travel & Training	3,361	700
	619,729	737,400
Highway Scales		
Administration	2,337	-
Equipment	1,730	25,400
Materials, Supplies & Services	7,307	25,900
Salaries	560,197	526,900
Travel & Training	607	1,000
	572,178	579,200
IT Operations		
Administration	2,460	2,000
Equipment	96,312	122,900
Materials, Supplies & Services	924	1,000
Professional & Contract Services	111,295	129,800
Salaries	183,278	205,700
Travel & Training	713	1,000
	394,982	462,400
Total Highway Safety and Information Technology	**2,531,799**	**2,906,800**
LAND AND ENVIRONMENT		
Director's Office		
Administration	2,883	1,500
Salaries	84,343	81,400
Travel & Training	7,801	8,000
	95,027	90,900
Highway Enhancement		
Administration	90	-
Salaries	337,814	336,200
	337,904	336,200
Environment Management		
Administration	8,440	9,000
Equipment	1,488	1,400
Materials, Supplies & Services	3,769	4,000
Professional & Contract Services	25,921	23,100
Salaries	265,127	246,600
Travel & Training	31,994	34,800
	336,739	318,900

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES	ESTIMATES
	$	$
Surveys		
Administration	7,185	4,500
Equipment	8,695	6,100
Materials, Supplies & Services	6,722	5,200
Professional & Contract Services	45,504	56,500
Salaries	364,884	366,900
Travel & Training	3,265	3,200
	436,255	442,400
Properties - Properties		
Administration	113,866	118,400
Equipment	526	1,600
Materials, Supplies & Services	3,804	8,500
Professional & Contract Services	33,366	35,700
Salaries	588,895	795,900
Travel & Training	23,808	31,100
	764,265	991,200
Total Land and Environment	**1,970,190**	**2,179,600**
HIGHWAY MAINTENANCE OPERATIONS		
Highway Maintenance Administration - Director's Office		
Administration	7,471	23,300
Equipment	74,482	306,500
Materials, Supplies & Services	147,641	156,000
Professional & Contract Services	41,189	50,000
Salaries	187,308	216,200
Travel & Training	13,684	16,900
Grants		
Slemon Park	77,562	80,600
	549,337	849,500
Highway Maintenance Inventory Control		
Administration	2,511	3,000
Materials, Supplies & Services	499,464	402,000
Salaries	71,788	89,700
Travel & Training	-	9,600
	573,763	504,300
Maintenance Administration - Western Region		
Administration	38,654	47,500
Equipment	2,308	600
Materials, Supplies & Services	722	2,200
Salaries	466,834	592,500
Travel & Training	-	2,500
	508,518	645,300
Maintenance Administration - Eastern Region		
Administration	67,626	47,700
Equipment	5,766	400
Materials, Supplies & Services	480	700
Salaries	545,134	560,800
Travel & Training	-	70,200
	619,006	679,800

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Maintenance Administration - Central Region		
Administration	67,183	66,300
Materials, Supplies & Services	909	600
Salaries	622,822	671,400
Travel & Training	-	20,800
	690,914	759,100
Highway Maintenance - Zone Operations - Western Region		
Travel & Training	1,731	-
	1,731	-
Highway Maintenance - Zone Operations - Eastern Region		
Professional & Contract Services	813	-
	813	-
Summer Maintenance - Western Region		
Equipment	7,239	7,200
Materials, Supplies & Services	1,469,406	1,615,600
Salaries	2,109,323	2,251,500
Travel & Training	53,189	58,600
Professional & Contract Services	123,220	124,300
	3,762,377	4,057,200
Summer Maintenance - Eastern Region		
Administration	115	-
Debt	2,149	-
Materials, Supplies & Services	1,102,566	1,327,300
Professional & Contract Services	90,092	79,800
Travel & Training	31,791	40,100
Salaries	2,057,367	2,386,000
	3,284,080	3,833,200
Summer Maintenance - Central Region		
Administration	45	-
Materials, Supplies & Services	1,621,424	1,935,100
Professional & Contract Services	92,168	148,100
Salaries	3,256,016	2,988,400
Travel & Training	91,719	80,000
	5,061,372	5,151,600
Provincial Maintenance		
Materials, Supplies & Services	3,009,421	3,790,000
Professional & Contract Services	2,872,692	1,300,000
Salaries	213,617	326,500
Travel & Training	15,773	15,000
	6,111,503	5,431,500
Summer Maintenance - Rails to Trails Maintenance		
Administration	16,513	15,700
Materials, Supplies & Services	246,013	285,300
Professional & Contract Services	48,202	60,200
Salaries	821,284	789,200
Travel & Training	47,503	42,500
	1,179,515	1,192,900

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Winter Maintenance - Western Region		
Materials, Supplies & Services	1,173,395	1,076,500
Professional & Contract Services	2,976,847	3,273,200
Salaries	385,555	413,400
	4,535,797	4,763,100
Winter Maintenance - Eastern Region		
Materials, Supplies & Services	816,067	907,800
Professional & Contract Services	1,369,123	1,615,600
Salaries	311,725	401,500
Travel & Training	3,047	4,000
	2,499,962	2,928,900
Winter Maintenance - Central Region		
Materials, Supplies & Services	1,332,728	1,529,700
Professional & Contract Services	2,444,739	2,362,300
Travel & Trailing	262	-
Salaries	558,004	511,300
	4,335,733	4,403,300
Mechanical - Charlottetown Garage - Direct		
Administration	29,079	29,900
Materials, Supplies & Services	1,695,807	1,494,800
Professional & Contract Services	265	-
Salaries	1,854,386	2,030,900
Travel & Training	122,857	120,100
	3,702,394	3,675,700
Mechanical - Charlottetown Garage - Indirect		
Administration	72,105	71,200
Equipment	24,301	13,500
Materials, Supplies & Services	297,093	237,600
Professional & Contract	35,117	35,400
Salaries	466,458	616,500
Travel & Training	1,322	3,600
	896,396	977,800
Mechanical - Summerside Garage - Direct		
Administration	17,132	18,000
Materials, Supplies & Services	1,171,763	953,100
Professional & Contract	16,220	18,100
Salaries	689,429	778,800
Travel & Training	55,746	64,400
	1,950,290	1,832,400
Mechanical - Summerside Garage - Indirect		
Administration	24,812	31,800
Equipment	9,660	9,700
Materials, Supplies & Services	62,315	65,800
Salaries	104,821	105,400
Travel & Training	2,014	3,800
	203,622	216,500

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Mechanical - Operators - Western Region		
Administration	767	2,000
Professional & Contract Services	350	-
Materials, Supplies & Services	9,852	16,800
Salaries	945,863	1,001,700
Travel & Training	18,718	18,700
	975,550	1,039,200
Mechanical - Operators - Central Region		
Administration	3358	3,300
Materials, Supplies & Services	27,600	94,100
Professional & Contract	1,030	-
Salaries	1,701,148	2,028,200
Travel & Training	47,711	46,400
	1,780,847	2,172,000
Mechanical - Operators - Eastern Region		
Administration	890	1,200
Materials, Supplies & Services	23,690	32,200
Professional & Contract	6,821	-
Salaries	928,304	1,045,200
Travel & Training	23,635	21,800
	983,340	1,100,400
Mechanical - Bridgetown Highways Garage - Direct		
Administration	489	-
Equipment	14,070	-
Materials, Supplies & Services	710,170	614,200
Salaries	593,907	543,300
Travel & Training	140,969	44,500
	1,459,605	1,202,000
Mechanical - Bridgetown Highways Garage - Indirect		
Administration	29,746	34,900
Equipment	2,213	7,000
Materials, Supplies & Services	200,933	65,200
Professional & Contract Services	10,392	5,400
Salaries	234,737	278,900
Travel & Training	3,564	3,600
Bridgetown Total	481,585	395,000
Total Highway Maintenance Operations	**46,148,050**	**47,810,700**
PUBLIC WORKS AND PLANNING		
Public Works Operations - Administration		
Administration	18,396	13,300
Equipment	3,300	-
Materials, Supplies & Services	59,433	123,800
Professional & Contract Services	-	25,500
Salaries	746,857	774,300
Travel & Training	33,833	36,200
	861,819	973,100

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Public Works Operations Administration - District Heating Plant		
Materials, Supplies & Services	46,230	-
Professional & Contract Services	2,133,661	2,215,400
	2,179,891	2,215,400
Building Maintenance Direct-Mona Wilson Building		
Administration	9,178	12,800
Materials, Supplies & Services	26,418	26,200
Professional & Contract Services	10,039	19,000
	45,635	58,000
Building Maintenance Direct-Shaw & Sullivan Buildings		
Administration	453,116	482,400
Equipment	536	18,000
Materials, Supplies & Services	891,710	1,013,800
Professional & Contract Services	219,306	304,300
Salaries	951,759	1,033,400
	2,516,427	2,851,900
Building Maintenance Direct-Province House		
Administration	33,678	37,900
Materials, Supplies & Services	94,503	111,300
Professional & Contract Services	3,515	7,000
Salaries	38,800	38,000
	170,496	194,200
Building Maintenance Direct-Province House Annex		
Administration	7,763	8,300
Materials, Supplies & Services	21,210	21,200
Professional & Contract Services	11,615	15,500
	40,588	45,000
Building Maintenance Direct-Government House		
Administration	28,498	29,600
Equipment	4,837	6,300
Materials, Supplies & Services	102,975	98,800
Professional & Contract Services	31,458	40,400
Salaries	236,784	309,400
Travel & Training	3,110	600
	407,662	485,100
Building Maintenance Direct-Customs House		
Administration	8,542	9,200
Materials, Supplies & Services	24,056	24,200
Professional & Contract Services	16,328	15,500
	48,926	48,900
Building Maintenance Direct-Portable Classrooms		
Materials, Supplies & Services	22,240	30,100
	22,240	30,100
Building Maintenance Direct-Coles Building		
Administration	40,798	41,600
Materials, Supplies & Services	42,487	41,300
Professional & Contract Services	13,467	22,300
Salaries	36,277	45,200
	133,029	150,400

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Maintenance Direct-Prince County Jail & Courthouse		
Administration	18,835	15,800
Materials, Supplies & Services	65,412	59,100
Professional & Contract Services	8,386	11,800
Salaries	40,664	38,900
	133,297	125,600
Building Maintenance Direct-Summerside Youth Centre		
Administration	80,297	92,000
Materials, Supplies & Services	126,965	138,700
Professional & Contract Services	17,985	21,400
Salaries	8,957	-
	234,204	252,100
Building Maintenance Direct-Provincial Correctional Centre		
Administration	23,113	27,000
Equipment	-	900
Materials, Supplies & Services	223,556	188,800
Professional & Contract Services	16,833	17,200
Travel & Training	94	-
	263,596	233,900
Building Maintenance Direct-Montague Office Complex		
Administration	7,735	8,200
Materials, Supplies & Services	54,500	46,200
Professional & Contract Services	36,501	36,400
	98,736	90,800
Building Maintenance Direct-Southern Kings		
Administration	25,608	5,700
Equipment	52	-
Materials, Supplies & Services	55,130	45,200
Professional & Contract Services	36,424	33,100
	117,214	84,000
Building Maintenance Direct-West Prince RSC		
Administration	7,439	8,700
Materials, Supplies & Services	22,937	31,700
Professional & Contract Services	24,357	20,800
	54,733	61,200
Building Maintenance Direct-Small Buildings		
Administration	47,013	53,200
Materials, Supplies & Services	569,885	584,200
Professional & Contract Services	94,383	118,800
Salaries	40,372	65,800
Travel & Training	4,727	1,800
	756,380	823,800
Building Maintenance Direct-Highways Materials Testing Lab		
Administration	68	3,200
Materials, Supplies & Services	23,213	46,500
Professional & Contract Services	4,914	10,500
Salaries	22,409	26,000
Travel & Training	1,195	-
	51,799	86,200

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Maintenance Direct-Brighton Road Office Complex		
Administration	484	600
Materials, Supplies & Services	66,932	32,100
Professional & Contract Services	25,491	31,000
	92,907	63,700
Building Maintenance Direct-Holland College - Royalty		
Administration	154,358	226,700
Materials, Supplies & Services	543,730	140,000
Profeesional & Contract Services	2,910	-
	700,998	366,700
Building Maintenance Direct-North Cape Wind Site		
Materials, Supplies & Services	116,586	131,300
	116,586	131,300
Building Accommodations - Small Lease Accommodations		
Administration	339,439	344,600
Materials, Supplies & Services	18,220	14,400
Professional & Contract Services	7,474	6,300
	365,133	365,300
Building Accommodations - Evangeline RSC		
Administration	60,405	61,000
Materials, Supplies & Services	1,856	4,000
Preofessional & Contract Services	64	-
	62,325	65,000
Building Accommodations-Johnny Ross Young RSC		
Administration	183,928	207,800
Materials, Supplies & Services	943	7,000
Professional & Contract Services	5,654	-
	190,525	214,800
Building Accommodations-Research Station		
Administration	227,106	270,200
Materials, Supplies & Services	153	-
	227,259	270,200
Building Accommodations - Queens Region Health Authority		
Administration	371,740	400,800
	371,740	400,800
Building Accommodations - Health Agency		
Administration	514,680	478,000
Materials, Supplies & Services	30,798	5,000
Professional & Contract Services	712	-
	546,190	483,000
Building Accommodations-Provincial Library Morell		
Administration	175,000	186,100
Materials, Supplies & Services	60	-
Professional & Contract Services	-	4,500
	175,060	190,600

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Accommodations - St. Paul's Rectory		
Administration	25,760	28,200
Materials, Supplies & Services	7,913	9,700
Professional & Contract Services	6,687	7,500
	40,360	45,400
Building Accommodations - Albert Thomas Building		
Administration	59,480	65,200
Materials, Supplies & Services	19,982	22,400
Professional & Contract Services	5,760	7,500
	85,222	95,100
Building Accommodations - Sherwood Fire Hall		
Administration	104,887	122,000
Materials, Supplies & Services	5,154	7,000
Professional & Contract Services	14,070	8,900
Salaries	4,376	35,400
	128,487	173,300
Building Accommodations - Concorde Building		
Administration	106,342	161,200
	106,342	161,200
Building Accommodations - Davies Law Court		
Administration	473,885	679,000
Materials, Supplies & Services	119,749	110,000
Professional & Contract Services	231,712	220,800
	825,346	1,009,800
Building Accommodations - Highway Safety Office		
Administration	150,057	169,000
Materials, Supplies & Services	178	2,000
	150,235	171,000
Building Accommodations - Stonehouse VIC		
Administration	45,510	48,500
Materials, Supplies & Services	10,522	11,300
Professional & Contract Services	3,160	-
Salaries	16,112	21,500
	75,304	81,300
Building Accommodations - Fisheries Warehouse		
Administration	35,709	44,600
Materials, Supplies & Services	13,532	11,600
Professional & Contract Services	262	300
	49,503	56,500
Building Accommodations - Georgetown Office Accommodations		
Administration	15,777	8,000
Materials, Supplies & Services	677	2,000
	16,454	10,000
Building Accommodations - Kelly Building - Courthouse		
Administration	181,950	292,000
Materials, Supplies & Services	5,521	20,000
	187,471	312,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Building Accommodations - Access PEI - Summerside		
Administration	558,000	576,000
Materials, Supplies & Services	30,161	17,200
	588,161	593,200
Building Accommodations - Queens County Sheriff's Office		
Administration	36,000	28,000
Materials, Supplies & Services	828	1,500
Professional & Contract Services	-	1,500
	36,828	31,000
SRDC 109 Water Street		
Administration	171,916	207,000
Materials, Supplies & Services	44	-
Professional & Contract Services	275	-
	172,235	207,000
Building Accommodations - Confederation Centre & Libraries		
Administration	134,820	126,000
	134,820	126,000
Building Accommodations - Gateway Village Village VIC		
Administration	51,180	51,200
	51,180	51,200
Building Accommodations - Confederation Court Leases		
Administration	31,421	32,000
	31,421	32,000
Properties Management Services		
Brecken Yates		
Administration	105,586	100,000
Material, Supplies & Services	177	-
	105,763	100,000
Holland College		
Materials, Supplies & Services	65,281	-
Professional & Contract Services	475	-
	65,756	-
Prince Edward Home		
Materials, Supplies & Services	-	58,200
	-	58,200
Directors Office		
Administration	12,448	17,400
Equipment	630	-
Materials, Supplies & Services	401	5,600
Professional & Contract Services	246,013	123,100
Salaries	202,321	281,300
Travel & Training	1,650	12,900
	463,463	440,300

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Planning and Design		
Administration	2,200	8,400
Materials, Supplies & Services	6	-
Salaries	98,856	6,600
Travel & Training	18,653	9,800
	119,715	24,800
Building Construction		
Administration	3,877	4,100
Materials, Supplies & Services	360	1,500
Salaries	181,680	213,400
Travel & Training	11,291	23,200
Prince County Hospital Demolition	211,179	-
	408,387	242,200
Building Design		
Administration	2,816	4,700
Materials, Supplies & Services	120	-
Salaries	222,219	241,400
Travel & Training	13,702	9,900
	238,857	256,000
Total Public Works and Planning	**15,066,705**	**15,638,600**
CAPITAL PROJECT DIVISION		
Traffic Operations - Western Region		
Administration	1,231	4,900
Equipment	54	1,400
Materials, Supplies & Services	222,505	276,400
Professional & Contract Services	1,813	2,200
Salaries	317,538	332,100
Travel & Training	12,156	8,700
	555,297	625,700
Traffic Operations - Central Region		
Administration	10,102	6,600
Equipment	6,655	7,800
Materials, Supplies & Services	692,049	820,600
Professional & Contract Services	14,010	49,000
Salaries	782,834	656,700
Travel & Training	31,483	23,000
	1,537,133	1,563,700
Traffic Operations - Sign Shop		
Administration	4,541	5,900
Equipment	406	-
Materials, Supplies & Services	135,448	146,500
Professional & Contract Services	2,692	5,100
Salaries	132,502	153,700
Travel & Training	986	1,000
	276,575	312,200

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Chief Engineer's Office		
Administration	123,741	22,600
Equipment	-	800
Materials, Supplies & Services	22,787	20,500
Professional & Contract Services	60,384	76,000
Salaries	137,871	191,300
Travel & Training	12,871	9,800
	357,654	321,000
Western Region		
Administration	36,486	35,400
Equipment	7,206	19,400
Materials, Supplies & Services	17,419	24,600
Professional & Contract Services	149	3,000
Salaries	931,116	991,500
Travel & Training	35,784	30,300
	1,028,160	1,104,200
Central Region		
Administration	13,976	23,100
Equipment	14,868	6,900
Materials, Supplies & Services	14,393	22,300
Professional & Contract Services	-	1,000
Salaries	693,037	843,000
Travel & Training	14,119	12,700
	750,393	909,000
Eastern Region		
Administration	18,298	23,800
Equipment	9,424	16,200
Materials, Supplies & Services	9,766	20,900
Professional & Contract Services	8,397	3,000
Salaries	782,965	844,600
Travel & Training	9,419	25,000
	838,269	933,500
Engineering Services - Operations		
Administration	405	6,700
Equipment	29,927	900
Materials, Supplies & Services	-	11,000
Professional & Contract Services	-	20,000
Salaries	109,492	155,100
Travel & Training	3,174	12,100
	142,998	205,800

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENSES $	ESTIMATES $
Highway Design		
Administration	8,381	3,800
Equipment	1,552	500
Materials, Supplies & Services	5,213	8,900
Professional & Contract Services	14,637	22,200
Salaries	262,089	280,400
Travel & Training	11,694	10,400
	303,566	326,200
Materials Testing Lab		
Administration	31,018	21,900
Equipment	11,834	11,800
Materials, Supplies & Services	12,344	13,500
Professional & Contract Services	12,482	2,500
Salaries	896,308	1,142,800
Travel & Training	36,126	41,200
	1,000,112	1,233,700
Pavement Management		
Administration	3,849	5,900
Materials, Supplies & Services	14,139	28,800
Professional & Contract Services	1,080	6,000
Salaries	222,699	192,700
Travel & Training	15,746	13,800
	257,513	247,200
Bridge Maintenance - Operations		
Administration	5,343	7,500
Materials, Supplies & Services	1,079,643	951,400
Professional & Contract Services	583,135	770,500
Salaries	393,089	564,200
Travel & Training	21,732	20,000
	2,082,942	2,313,600
Total Capital Project Division	**9,130,612**	**10,095,800**
PROVINCIAL WASTE MANAGEMENT		
Administration	-	1,900
Materials, Supplies & Services	32	15,800
Professional & Contract Services	607,503	460,000
Salaries	49,357	50,500
Total Provincial Waste Management	**656,892**	**528,200**
TOTAL TRANSPORTATION AND PUBLIC WORKS	**76,734,844**	**80,419,900**

INTERMINISTERIAL WOMEN'S SECRETARIAT

	EXPENSES $	ESTIMATES $
INTERMINISTERIAL WOMEN'S SECRETARIAT		
Administration	2,155	3,800
Equipment	1,302	-
Materials, Supplies and Services	2,290	500
Professional & Contract Services	9,410	14,300
Salaries	109,434	126,000
Travel	6,079	3,200
Grants		
Advisory Council on the Status of Women	147,600	156,400
Women's Network	9,027	-
TOTAL INTERMINISTERIAL WOMEN'S SECRETARIAT	**287,297**	**304,200**

INTEREST CHARGES ON DEBT

	EXPENSES $	ESTIMATES $
INTEREST		
Debt	105,036,538	107,365,100
Total Interest	**105,036,538**	**107,365,100**
AMORTIZATION OF DEBENTURE DISCOUNT		
Debt	1,840,965	604,900
Total Amortization of Debenture Discount	**1,840,965**	**604,900**
TOTAL INTEREST CHARGES ON DEBT	**106,877,503**	**107,970,000**

Details

Of

Capital Revenues With Estimates

For the Year Ended March 31, 2006

CAPITAL REVENUES

	REVENUE $		ESTIMATES $
GOVERNMENT OF CANADA			
Strategic Highway infrastucture Program	2,605,172		3,400,000
Medical Equipment Funds (Clinical information System)	3,184,307		-
	5,789,479	*	**3,400,000**
CANADA HEALTH INFOWAY			
Funding provided for Clinical Information System	2,236,208		-
Funding provided for Drug Information System	1,031,420		-
	3,267,628	*	-
HOSPITAL FOUNDATIONS			
Funding provided for Clinical Information System	1,118,104		-
Funding provided for equipment	1,229,077		-
	2,347,181	**	-
TOTAL CAPITAL REVENUES	**11,404,288**		**3,400,000**

* Federal revenue deducted from the cost of tangible capital assets.

** Donations for equipment deducted from the cost of tangible capital assets.

DISPOSAL OF TANGIBLE CAPITAL ASSETS

LAND		
Proceeds of Disposal	**152,260**	**315,000**
VEHICLES		
Proceeds of Disposal	117,440	-
Accumulated Amortization of Vehicles Sold/Traded	214,242	-
Gain Realized on Disposal of Vehicles	(58,379)	-
	273,303	-
TOTAL DISPOSAL OF TANGIBLE CAPITAL ASSETS	**425,563**	315,000

Details

Of

Capital Expenditures With Estimates

For the Year Ended March 31, 2006

CAPITAL EXPENDITURES

	EXPENDITURES $	ESTIMATES $	
HIGHWAYS			
Bridges	6,951,452	5,500,000	
Highway Reconstruction	14,645,169	15,000,000	
Total Highways	**21,596,621**	**20,500,000**	
BUILDINGS			
Capital Repairs Various Buildings	-	310,000	*
Prince County Highways Depot	1,500,483	3,100,000	
Old Prince County Hospital Demolition	-	650,000	*
Total Buildings	**1,500,483**	**4,060,000**	
OTHER			
Land Purchases	1,185,404	315,000	
Vehicle Purchases	734,729	-	**
Equipment - Information Systems	8,639,572	-	**
Equipment - Hospital Equipment	1,469,202	-	**
Basin Head	250,054	1,150,000	
Crowbush	1,312,653	-	
Provincial Parks - Waste/Water Treatment Facilities	141,440	70,000	
Total Other	**13,733,054**	**1,535,000**	
TOTAL CAPITAL EXPENDITURES	**36,830,158**	**26,095,000**	
Less: Capital Revenues (see Page 171)	(11,404,288)	(3,400,000)	
NET CAPITAL ADDITIONS	**25,425,870**	**22,695,000**	

* Expenditures did not meet capital assets criteria and are included in Transportation and Public Works Program Expenses.

** Budget included in various Departmental Program Expenses.

Province of
Prince Edward Island

Agencies, Boards, and Crown Corporations

Financial Statements

For the Year Ended March 31, 2006

The Charlottetown Area Development Corporation

Consolidated Financial Statements
March 31, 2006

ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

The Charlottetown Area Development Corporation

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AC ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

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June 2, 2006

Auditors' Report

To the Board of Directors of
The Charlottetown Area Development Corporation

We have audited the consolidated balance sheet of **The Charlottetown Area Development Corporation** as at March 31, 2006 and the consolidated statements of earnings, retained earnings (deficit) and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

The Charlottetown Area Development Corporation

Consolidated Balance Sheet

As at March 31, 2006

	2006 $	2005 $
Assets (note 6)		
Cash and cash equivalents (note 9)	1,734,090	1,688,455
Accounts receivable and accrued interest (note 10)	198,796	170,146
Due from the Province of Prince Edward Island (note 10)	3,227,872	-
Mortgages receivable (note 2)	9,274,113	9,786,634
Deferred charges, less accumulated amortization of $159,841 (2005 - $110,470)	7,339	56,710
Property and equipment (note 3)	11,881,311	11,995,301
Investment in leases (note 4)	10,094,577	10,379,387
Properties held for development (note 5)	412,258	2,127,094
	36,830,356	36,203,727
Liabilities		
Accounts payable and accrued liabilities (notes 10)	1,983,765	1,370,178
Deferred revenue	216,242	128,771
Long-term debt (note 6)	29,211,502	30,371,822
Deferred credits (note 7)	391,456	407,407
	31,802,965	32,278,178
Contingent liability (note 8)		
Shareholders' Equity		
Capital stock		
Authorized		
5,000 common shares of the par value of $1 each		
Issued		
2,500 shares	2,500	2,500
Contributed surplus	4,526,706	4,526,706
	4,529,206	4,529,206
Retained earnings (deficit)	498,185	(603,657)
	5,027,391	3,925,549
	36,830,356	36,203,727

Approved by the Board of Directors

_____________________ Director

_____________________ Director

The Charlottetown Area Development Corporation

Consolidated Statement of Retained Earnings (Deficit)

For the year ended March 31, 2006

	2006 $	2005 $
Deficit - Beginning of year	(603,657)	(252,137)
Net earnings (loss) for the year	1,101,842	(351,520)
Retained earnings (deficit) - End of year	498,185	(603,657)

The Charlottetown Area Development Corporation

Consolidated Statement of Earnings

For the year ended March 31, 2006

	2006 $	2005 $
Revenue		
Rentals	2,191,556	2,167,866
Interest	599,950	610,902
Interest on investment in leases	673,869	696,732
Parking lot	77,942	70,087
Operating (Schedule 1)	200,460	147,679
Portal grants (note 10)	70,000	82,000
Management fees	65,000	-
	3,878,777	3,775,266
Expenses		
Operating (Schedule 1)	664,881	579,925
Interest on long-term debt (note 10)	1,825,623	1,874,786
Wages and benefits	2,852	5,763
Portal	66,989	73,395
Fuel	200,334	178,559
Heating system	43,321	42,470
Insurance	35,112	34,980
Common area	37,910	26,117
Property taxes	419,862	408,757
Utilities	146,289	150,408
Repairs and maintenance	166,143	243,111
Cleaning	74,830	70,459
Snow removal	3,601	6,350
Professional fees	6,531	5,426
Parking lot	21,502	26,118
Miscellaneous	5,468	1,542
Advertising	2,500	-
	3,723,748	3,728,166
Operating income before amortization	155,029	47,100
Amortization	336,736	288,008
Operating loss	(181,707)	(240,908)
Other expenses		
Founders Hall (Schedule 2)	(186,362)	(74,387)
Capital commission operating grant	(43,125)	(36,225)
Gain on sale of property for development	1,513,036	-
	1,283,549	(110,612)
Net earnings (loss) for the year	1,101,842	(351,520)

The Charlottetown Area Development Corporation

Consolidated Statement of Cash Flows

For the year ended March 31, 2006

	2006 $	2005 $
Cash provided by (used in)		
Operating activities		
Net earnings (loss) for the year	1,101,842	(351,520)
Items not affecting cash		
Amortization of property and equipment	431,790	382,358
Amortization of deferred financing costs and deferred credits (net)	33,420	39,313
	1,567,052	70,151
Net change in non-cash working capital items		
- decrease (increase) in accounts receivable and accrued interest	(28,650)	661,865
- increase (decrease) in accounts payable and accrued liabilities	613,587	(315,889)
- increase in due from Province of Prince Edward Island	(3,227,872)	-
	(1,075,883)	416,127
Financing activities		
Repayment of long-term debt	(1,160,320)	(1,090,373)
Decrease in mortgage receivable	512,521	483,345
Increase in deferred revenue	87,471	87,471
	(560,328)	(519,557)
Investing activities		
Decrease in property held for development	1,714,836	-
Principal received on investment in lease	284,810	311,415
Purchase of property and equipment	(317,800)	-
	1,681,846	311,415
Increase in cash and cash equivalents	45,635	207,985
Cash and cash equivalents - Beginning of year	1,688,455	1,480,470
Cash and cash equivalents - End of year	1,734,090	1,688,455
Supplementary disclosure		
Interest and dividends received	1,516,438	1,552,188
Interest paid	2,466,195	1,943,073

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2006

1 Summary of significant accounting policies

General

These financial statements include the operations of the Charlottetown Area Development Corporation and its wholly-owned subsidiaries, Harbourside Complex Limited and The Charlottetown Waterfront Development Corporation.

Mortgages receivable

Mortgages receivable are recorded at cost.

Deferred charges

Prepayment penalties related to the refinancing of debt are recorded as deferred charges. The deferred charges are amortized over the period from April 2003 to May 2006, corresponding to the period for which the prepayment penalty was incurred.

Property and equipment and amortization

It is the Corporation's policy to expense small items of furniture and equipment.

Amortization of property and equipment are calculated using the straight-line and declining balance method at the following annual rates:

	%
Land improvements	2.5 SL & 6.67 SL
Buildings	2.5 SL
Equipment	20 DB
Automotive	30 DB
Computer	30 DB

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Properties held for development

Land Assembly

The land assembly is recorded at cost.

The Charlottetown Area Development Corporation
Notes to Consolidated Financial Statements
March 31, 2006

CN Lands

The purchase of the CN lands was initially recorded at cost. Prior to the 2004 year, the asset was being reduced by the proceeds from the sale of the property held for development, as it was management's opinion that the company would not generate any gain or loss on the financing and sale of this property.

Government assistance and capital donations

Grants relating to general operations are recorded as revenue in the period in which they are received. Grants relating to the delivery of specific programs are recorded as revenue in the period in which the related expenditures are made.

Government contributions relating to capital property are recorded as deferred credits. The deferred credits are being amortized on the same basis as the related property and equipment are being amortized or written off.

Management fee - leasing

The Corporation charges management fees based on market rates for financing and administering rental operations and the City's three parkades.

Provision for possible losses

Any provision for possible losses is recorded in the statement of earnings. The provision for possible losses is based on historical trends and management's judgment and is maintained at a level considered to be adequate to absorb potential losses.

Provisions are recorded for specific investments to reduce their book value to an amount expected to be recovered from the investments in the event of an impairment in value. A variety of methods are used to determine the amount expected to be recovered from impaired investments including estimated future cash flows, estimated fair value of the underlying security and value of any collateral security taken.

No provision for possible losses has been recorded at March 31, 2006 (2005 - nil).

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The company has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2006

2 Mortgages receivable

	2006 $	2005 $
5.851% mortgage, due May 2013, receivable in monthly instalments of $83,094 including principal and interest	8,694,023	9,173,243
7.25% mortgage, due March 2007, receivable in monthly instalments of $6,390 including principal and interest	580,090	613,391
	9,274,113	9,786,634

The following have been pledged as security for the mortgages:

- First fixed and floating charge mortgage and debenture on the property, chattels and equipment of Dyne Holdings Limited;
- Assignment of Dyne Holdings Limited leases, rents and insurance proceeds;
- First fixed and floating charge mortgage on the property, chattels and equipment of Kent Realty Limited;
- Assignment of Kent Realty Limited leases, rents and insurance proceeds;
- A guarantee by Dyne Holdings Limited of the Kent Realty Limited mortgage.

3 Property and equipment

	2006			2005
	Cost $	Accumulated amortization $	Net $	Net $
Harbourside	11,732,165	4,553,809	7,178,356	7,438,357
Founder's Hall	4,002,706	569,063	3,433,643	3,241,452
Peakes Wharf	1,596,298	648,692	947,606	986,028
Visitor Information Centre	393,425	72,827	320,598	327,881
Automotive	19,225	18,117	1,108	1,583
	17,743,819	5,862,508	11,881,311	11,995,301

Included in property and equipment costs is land in the amount of $1,009,836 in Harbourside, $296,599 in Founders' Hall, $130,975 in Peakes Wharf and $102,123 in Visitor Information Centre. The balance of the assets are buildings, land improvements, computer and equipment.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2006

4 Investment in leases

	2006 $	2005 $
Total minimum lease payments due October 1, 2019, receivable in monthly instalments of $31,611, including principal and interest	5,237,886	5,617,206
Less: Portion representing interest at 6.64%	1,849,075	2,079,477
	3,388,811	3,537,729
Total minimum lease payments due December 1, 2022, receivable in monthly instalments of $54,386, including principal and interest	10,931,586	11,584,218
Less: Portion representing interest at 5.81%	4,225,820	4,742,560
	6,705,766	6,841,658
	10,094,577	10,379,387

5 Properties held for development

	2006 $	2005 $
Land assembly		
Bruce Stewart	195,367	195,367
Paoli	43,662	43,662
Jaro Holdings	20,888	20,888
CN Car Shop	77,544	77,544
Fisheries and Oceans	65,000	65,000
Other	9,797	9,797
	412,258	412,258
CN Lands	-	1,714,836
	412,258	2,127,094

The Charlottetown Area Development Corporation
Notes to Consolidated Financial Statements
March 31, 2006

6 Long-term debt

	2006 $	2005 $
Debentures		
6.13% debenture, due November 1, 2014, repayable in monthly instalments of $6,807 including principal and interest	548,142	594,668
5.781% debenture, due May 2013, repayable in monthly instalments of $83,094 including principal and interest	8,694,023	9,173,243
6.64% debenture, due October 1, 2019, repayable in monthly instalments of $31,610 including principal and interest	3,388,830	3,537,729
6.25% debenture, due March 2007, repayable in monthly instalments of $6,002 including principal and interest	571,890	606,972
	13,202,885	13,912,612
Mortgages payable		
6.23% mortgage, due November 30, 2012, repayable in monthly instalments of $54,386, including principal and interest	6,814,086	7,039,903
5.64% mortgage, due March 1, 2023, repayable in monthly instalments of $49,491, including principal and interest	6,516,531	6,741,307
Note payable		
6.82% note payable, due August 2009, principal and interest, repayable upon sale of the assets pledged as security	2,678,000	2,678,000
	29,211,502	30,371,822

Security on debentures

- The 6.13%, 6.64% and 6.25% debentures are unsecured. These loans are payable to the majority shareholder.
- The 5.781% debenture is guaranteed by the Province of Prince Edward Island.

Security on mortgages

A first mortgage, a general security agreement providing a first fixed and floating charge over all assets, a specific assignment of cash flows, an assignment of insurance on the Fitzroy Parkade and a guarantee of the City of Charlottetown have been pledged as security for the 6.23% mortgage.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2006

A general security agreement with The Charlottetown Area Development Corporation, a first charge on all properties including Harbourside Project, Visitor Information Centre, Founders Hall and Peakes Wharf, assignment of leases and rents, and an assignment of fire insurance, have been pledged as security for the 5.64% mortgage.

The net aggregate amount of principal payments required in each of the next five years to meet retirement provisions for the debentures, mortgages and note payable is as follows:

	$
Year ending March 31, 2007	1,763,985
2008	1,262,666
2009	1,342,137
2010	4,100,194
2011	1,513,285

7 Deferred credits

			2006	2005
	Cost $	Accumulated amortization $	Net $	Net $
Peakes Wharf	638,037	246,581	391,456	407,407

8 Contingent liability

The Corporation has been named as a co-defendant in a claim made by a local businessman. It is management's feeling that a liability, if any, is undeterminable at this time and no provision has been made in the accounts for future possible losses.

9 Commitments

The Corporation holds cash of $135,976 (2005 - $125,849) in trust for third parties. The cash and the liability are netted on the balance sheet. The deposits are being administered as part of requirements on loans owed to the Corporation and for security deposits for tenants.

The Charlottetown Area Development Corporation

Notes to Consolidated Financial Statements

March 31, 2006

10 Related party transactions

Included in accounts receivable and accounts payable are the following amounts due to and from related parties:

	2006 $	2005 $
Accounts receivable		
Due from Province of Prince Edward Island	18,746	22,499
Due from the City of Charlottetown	48,623	48,623
Accounts payable		
Due to the City of Charlottetown	35,910	22,404
Due to Province of Prince Edward Island	927,557	788,887

The 6.13%, 6.64% and 6.25% debentures and the 6.82% note payable are due to the Province of Prince Edward Island. The company expensed $487,055 (2005 - $499,474) in interest on this debt during the year.

During the year, the Corporation received portal grants of $70,000 (2005 - $70,000) from the City of Charlottetown.

During the year, the Province of Prince Edward Island agreed to purchase the property held for development by the Charlottetown Waterfront Development Corporation on the basis that the purchase price eliminates the deficit in the company. Accordingly, the transaction has been recorded in the financial statements resulting in the Due from Province of Prince Edward Island. The proceeds on the sale of the land, when received, will be used to help retire the long term debt and pay the accrued interest payable relating to the loan incurred to finance the property.

The Province of Prince Edward Island is the majority shareholder of The Charlottetown Area Development Corporation and the City of Charlottetown is a minority shareholder.

11 Corporation status

The Corporation and all of its subsidiaries are non-taxable entities under the provisions of the *Income Tax Act*.

The stated purpose of the Corporation is to act as the central agency to foster and promote economic development for the City of Charlottetown.

The Charlottetown Area Development Corporation

Consolidated Schedule of Operating Revenue and Operating Expenses

For the year ended March 31, 2006 **Schedule 1**

	2006 $	2005 $
Revenue		
Management fee - leasing	91,830	83,312
Miscellaneous	108,630	64,367
	200,460	147,679
Expenses		
Wages and benefits	403,675	363,445
Professional fees	138,142	86,759
Directors' fees	40,242	40,949
Directors' meetings	3,069	2,416
Excess expenses from rental properties	6,717	5,421
Office operations and sundry	37,404	30,136
Interest and bank charges	2,662	3,830
Telephone	12,460	12,257
Insurance	12,381	13,084
Travel	1,628	3,648
Concept planning	6,501	17,980
	664,881	579,925

The Charlottetown Area Development Corporation

Consolidated Schedule of Founders' Hall Expenses

For the year ended March 31, 2006 **Schedule 2**

	2006 $	2005 $
Founders' Hall		
Revenue		
Rent - commercial	104,775	170,306
Rent - operations	3,876	-
	108,651	170,306
Expenses		
Fuel	27,301	24,878
Heating system	9,285	3,941
Insurance	4,888	3,228
Wages and benefits	15,124	16,556
Property taxes	55,974	55,486
Water	651	977
Repairs and maintenance	11,214	4,141
Telephone	1,709	455
Electricity	15,143	12,013
Supplies and miscellaneous	35,930	316
Amortization	117,794	122,702
	295,013	244,693
Net rental expense	186,362	74,387

Eastern School District
Financial Statements

June 30, 2005

Grant Thornton

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Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees of
Eastern School District

We have audited the operating and capital fund balance sheets of the **Eastern School District** as at June 30, 2005 and the statements of revenue, expenses and operating surplus and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2005 and the results of its operations for the year then ended in accordance with Canadian public sector accounting recommendations.

The comparative figures for 2004 are based upon financial statements which were audited by another firm of chartered accountants.

Grant Thornton LLP

Montague, Prince Edward Island
January 19, 2006

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Eastern School District
Statements of Revenue, Expenses and Operating Surplus

Year Ended June 30	Page	2005		2004	
Revenue			%		%
Grants from the Department of Education					
Administration		$ 1,503,024	1.6	$ 1,418,328	1.5
Renovations and equipment		742,800	0.8	595,600	0.7
Instructional supplies		1,424,402	1.5	1,322,100	1.5
Salaries and benefits		82,044,674	87.9	80,044,386	89.0
Maintenance and operation		4,760,143	5.1	3,826,634	4.2
Transportation		1,678,700	1.8	1,704,018	1.9
Other revenue (Note 4)		1,006,206	1.1	765,977	0.9
School funds		195,409	0.2	265,200	0.3
		93,355,358	100.0	89,942,243	100.0
Expenses	Page				
Administration	11	1,172,267	1.3	1,092,016	1.2
Renovations and equipment	12	748,477	0.8	518,591	0.6
Instructional	13	1,264,529	1.4	1,304,878	1.5
Salaries and benefits	14	82,627,304	88.5	79,981,442	88.9
Maintenance and operation	15	5,614,137	6.0	5,316,065	5.9
Transportation	16	1,928,644	2.0	1,711,329	1.9
Special projects		-	0.0	17,922	0.0
		93,355,358	100.0	89,942,243	100.0
Surplus of revenue over expenses		$ -		$ -	

	2005	2004
Operating surplus (deficit), beginning of year	$ -	$ (530,209)
Deficit reduction grant	-	530,209
Surplus of revenue over expenses	-	-
Operating surplus, end of year	$ -	$ -

See accompanying notes to the financial statements.

Eastern School District
Balance Sheet - Operating Fund

June 30	2005	2004
Assets		
Current		
Cash	$ **680,918**	$ 789,823
Receivables		
Grants, Province of Prince Edward Island	**2,973,427**	1,796,232
Miscellaneous	**589,145**	375,667
	4,243,490	2,961,722
Department of Education		
Post-employment benefits	**11,787,818**	13,020,082
	$ **16,031,308**	$ 15,981,804
Liabilities		
Current		
Payables and accruals		
General	$ **74,261**	$ 684,434
Salaries and benefits	**3,379,981**	1,939,490
Province of Prince Edward Island	**40,286**	-
Deferred revenue (Note 5)	**748,962**	337,798
	4,243,490	2,961,722
Department of Education		
Post-employment benefits (Note 6)	**11,787,818**	13,020,082
Surplus		
Operating surplus	**-**	-
	$ **16,031,308**	$ 15,981,804

On behalf of the Board

____________________ Trustee ____________________ Trustee

See accompanying notes to the financial statements.

Eastern School District
Balance Sheet - Capital Fund

June 30

Assets

	Cost	Accumulated Depreciation	**2005** **Net Book Value**	2004 Net Book Value
Land	$ 1,000,931	$ -	**$ 1,000,931**	$ 1,000,931
Buildings	126,762,456	42,400,054	**84,362,402**	84,899,166
Furniture and equipment	16,970,143	15,785,513	**1,184,630**	1,401,285
Buses	13,174,176	10,250,428	**2,923,748**	2,202,832
	$ 157,907,706	$ 68,435,995	**89,471,711**	89,504,214
Cash			**2,000**	2,000
			$ 89,473,711	$ 89,506,214
Liabilities				
Capital assets deferred government funding, net of amortization of $68,435,995 (2004 - $65,852,575)			**$ 89,473,711**	$ 89,506,214
Capital surplus, End of year (Page 5)			**$ -**	$ -

On behalf of the Board

_____________________ Trustee _____________________ Trustee

During the year, the Board purchased capital assets of $3,213,135 (2004 - $5,219,296) which were funded by the Provincial Government of Prince Edward Island.

See accompanying notes to the financial statements.

Eastern School District
Statement of Capital Surplus

Year Ended June 30	2005	2004
Capital surplus, beginning of year	$ -	$ -
Add:		
Deferred government funding amortization	**3,245,638**	3,186,310
Deduct:		
Depreciation		
Buildings	**2,163,137**	2,176,902
Buses	**786,343**	659,087
Furniture and equipment	**296,158**	350,321
	3,245,638	3,186,310
Capital surplus, end of year	$ -	$ -

See accompanying notes to the financial statements.

Eastern School District
Notes to the Financial Statements
June 30, 2005

1. Nature of operations

The Board operates as a not-for-profit organization that provides primary and secondary education requirements for people within Queens and Kings County, Prince Edward Island. The Board is funded by the Department of Education of Prince Edward Island.

2. Summary of significant accounting policies

Basis of accounting

The Board follows the accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Capital assets

Capital assets are recorded at cost in the Capital Fund. Depreciation of capital assets is recorded using the diminishing balance method at the annual rate of 2.5% for buildings and 20% for furniture and equipment. Depreciation is recorded on the straight line basis for school buses at 12% and used school buses and vans at the rate of 24%.

Only those expenditures which exceed $25,000 are capitalized in the Capital Fund. During the year, renovations and repairs and maintenance totalling $748,477 (2004 - $518,591) were expensed in the operating fund.

Deferred government funding – capital assets

Government funding received for capital assets is deferred and amortized at the same rates as the related capital assets.

Revenue recognition

The Board follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Eastern School District
Notes to the Financial Statements
June 30, 2005

2. Summary of significant accounting policies (cont'd)

Retirement allowances and vacation pay

Retirement allowances are actuarially determined based on assumptions and calculations provided by the Province of Prince Edward Island. Vacation pay is accrued as earned.

Deferred revenue

The unexpended portion of grants received for specific purchases is deferred and used for the related future purchases.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdraft.

Pension plans

Instructional employees of the Board are members of the Teacher Superannuation Pension Plan of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island.

Non-instructional employees are members of the Prince Edward Island Education Sector Pension Plan with both defined benefit / defined contribution components. The expense of the Board is limited to a matching contribution equal to the employee's portion.

Eastern School District
Notes to the Financial Statements
June 30, 2005

3. Change in accounting policies

During the year, the School Board changed its method of reporting future retirement allowances within the Recommendation in Section PS 3255 "Post – Employment Benefits Compensated Absences and Termination Benefits" of the CICA Handbook and its method of reporting capital assets within recommendation in Section PS 3150 "Tangible Capital Assets" of the CICA Handbook. As a result, the June 30, 2004 figures presented for comparative purposes have been restated from those previously reported.

The following is a summary of the restatement:

	As restated	As previously reported
Revenue		
Grants from the Department of Education	$ -	$ 558,097
Unfunded depreciation	-	3,186,310
Renovations and equipment	595,600	6,158,988
Expenses		
Capital expenditures	-	5,219,296
Depreciation	-	3,186,310
Renovations and equipment	518,591	862,683
Balance Sheet – Operating Fund		
Department of Education – post-employment benefits	13,020,082	-
Post-employment benefits	13,020,082	-
Receivables, Province of Prince Edward Island	1,796,232	575,082
Payables and accruals, salaries and benefits	1,939,490	-
Payables and accruals, general	684,434	1,398,357
Payables and accruals, due to trust account	-	4,417
Balance Sheet – Capital Fund		
Capital asset deferred government funding	89,506,214	-
Surplus	-	89,506,214
Statement of Capital Surplus		
Capital surplus, beginning of year	-	87,473,228
Add: school building renovations and major projects	-	4,868,565
furniture and equipment	-	350,731
Grant amortization	3,186,310	-
Capital surplus, end of year	-	89,506,214

Eastern School District
Notes to the Financial Statements

June 30, 2005

4. **Other revenue**	**2005**	2004
Wage recoveries	$ **625,626**	$ 527,764
Other recoveries	**187,528**	30,333
Rentals	**186,339**	184,346
Special projects	-	17,922
Miscellaneous	**6,713**	5,612
	$ **1,006,206**	$ 765,977

5. **Deferred revenue**	**2005**	2004
Funds designated for:		
Bus repair contingency fund	$ **55,541**	$ 23,968
New construction	**23,085**	28,142
Music department	-	42,121
Occupational health and safety	-	31,000
Band/instruments	-	50,000
Band camp	**53,606**	46,320
Other	**134,859**	116,247
Maintenance work	**40,000**	-
Technology	**41,871**	-
Transportation	**400,000**	-
	$ **748,962**	$ 337,798

Eastern School District
Notes to the Financial Statements
June 30, 2005

6. Post-employment benefits

An analysis of the components of, and changes in, post-employment benefits liabilities is as follows:

	2005	2004
Retirement allowance		
Balance, beginning of year	**$ 13,892,580**	$ 13,377,244
Current service cost	**834,145**	801,683
Interest accrued	**924,688**	890,309
Less: payments made	**(1,221,150)**	(1,176,656)
Balance, end of year	**14,430,263**	13,892,580
Vacation pay	**330,982**	348,652
	14,761,245	14,241,232
Less: current portion	**2,973,427**	1,221,150
	$ 11,787,818	$ 13,020,082

The retirement allowance numbers are based on an independent actuarial valuation provided to the Pension and Benefits Division of the Province of Prince Edward Island Civil Service Commission estimating the components of the total provincial retirement allowance as of April 1, 2002. The Province of Prince Edward Island projects the total liability in the years between the tri-annual actuarial valuations and has allocated the liability to the three School Board Regions. The next independent actuarial valuation is to be provided for the next fiscal period.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to expected long term market conditions. Significant actuarial assumptions used in the valuations and projections are:

Rate of return	6.75% per annum
Expected inflation rate	3.25% per annum

Expected average remaining service life is 13 years.

At June 30, 2005 unamortized losses were $600,067 (2004- $668,646). These losses will be amortized over the expected average remaining service life of the employee group.

7. Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

Eastern School District
Schedule of Administration Expenses

Year Ended June 30	2005	2004
Advertising	$ 15,211	$ 19,261
Courier services	25,791	24,166
Employee allowances	14,110	9,621
Employee training and development	95,929	81,787
Foundation	41,143	32,378
Graduation	37,305	11,831
Insurance	121,803	121,254
Meetings	48,976	24,969
Miscellaneous	-	4,199
Office supplies	94,767	106,470
Photocopying	16,157	9,291
Postal services	27,090	26,850
Professional services	66,959	98,357
Public, staff and student relations	19,572	17,191
School breakfast program	12,760	8,754
Telephone	210,259	217,105
Travel	186,844	179,406
Trustees remuneration	51,507	46,140
Trustees travel and other	62,997	52,189
Tutor	23,087	797
	$ 1,172,267	$ 1,092,016

Eastern School District
Schedule of Renovations and Equipment Expenses

Year Ended June 30	**2005**	2004
Audio-visual equipment	**$ 52,359**	$ 61,653
Building repairs and renovations	**159,520**	205,808
Classroom furniture and equipment	**43,670**	15,211
Communications equipment	**1,150**	11,497
Computer equipment	**106,961**	81,265
Fuel storage tanks	**-**	13,012
Miscellaneous equipment	**109,980**	32,271
Musical instruments	**221,140**	52,906
Office furniture and equipment	**23,786**	71,681
Paving and grounds maintenance	**20,819**	2,089
Playground equipment	**10,288**	4,105
Network services	**-**	299,253
Science equipment	**38,426**	11,932
	788,099	862,683
Recovered expenses	**39,622**	344,092
	$ 748,477	$ 518,591

Eastern School District
Schedule of Instructional Expenses

Year Ended June 30		2005		2004
Academic supplies	$	**210,326**	$	267,941
Art		**27,015**		22,215
Audio visual supplies		**10,721**		8,788
Career exploration				
Automotive technology		**7,258**		19,391
Communications and the arts		**13,829**		17,688
Construction		**36,227**		35,274
Other		**9,024**		16,921
Computer literacy		**8,602**		13,573
Duplicating supplies		**309,619**		347,732
English and language arts		**5,014**		5,080
Equal chances for learning		**26,275**		15,359
Equipment, maintenance and repairs		**59,275**		39,349
French		**4,160**		2,036
Guidance and resource		**3,356**		7,326
Home economics and family living		**35,257**		28,786
Industrial arts		**59,349**		58,353
Library and resource centres		**113,398**		119,809
Music		**27,386**		20,456
Physical education		**77,885**		74,705
Pilot and program materials		**42,249**		27,656
Science		**40,696**		32,274
Special projects		**46,793**		49,819
Student services		**32,123**		16,816
Vocational education				
Carpentry		**11,264**		13,728
Motor vehicle repair		**22,138**		25,627
Welding		**25,290**		18,176
	$	**1,264,529**	$	1,304,878

Eastern School District
Schedule of Salaries and Benefits Expenses

Year Ended June 30	2005	2004
Board instructional salaries	$ 1,057,327	$ 862,423
Board supervisory salaries	993,987	977,213
Instructional salaries	53,328,140	52,115,541
Maintenance and operation salaries	5,039,606	4,816,859
School administration salaries	7,614,237	7,423,616
Secretarial and clerical	3,242,039	3,218,747
Educational assistant salaries	6,669,495	5,955,950
Transportation salaries	4,682,473	4,611,093
	$ 82,627,304	$ 79,981,442

Note:

Board instructional salaries include consultants, psychologists and board based temporary assignments.

Board supervisory salaries include superintendent, directors, maintenance supervisor and transportation supervisor.

Instructional salaries include all teaching staff exclusive of board supervisory, board instructional, board temporary and school administrative.

Maintenance and operations salaries include custodial, cleaning and maintenance staff.

School administrative salaries include principals, vice-principals and department heads.

Secretarial and clerical salaries include board office secretarial and clerical and school based secretarial staff.

Educational assistant salaries include all educational assistant positions and youth service worker.

Transportation salaries include bus depot staff and bus driver staff.

Eastern School District

Schedule of Maintenance and Operation Expenses

Year Ended June 30	2005	2004
Annual cleaning	$ 25,476	$ 22,162
Building repairs	551,917	602,877
Electricity	1,491,610	1,545,998
Employee allowances	11,732	10,437
Equipment repairs	35,234	42,717
Fire dues	44,041	41,135
Fuel	1,938,126	1,463,312
Insurance	181,485	203,201
Janitorial supplies	288,718	282,516
Maintenance of grounds	44,528	64,454
Miscellaneous	5,594	9,899
Non-capital equipment	15,979	12,696
Occupational health & safety	27,355	80,823
Playground repairs	27,745	44,696
Rentals	272,186	257,580
Service contracts	16,289	30,811
Service vehicles	9,251	15,926
Sewer and water	149,053	150,454
Snow removal	204,066	196,807
Vandalism repairs	36,318	8,997
Waste disposal	237,434	228,567
	$ 5,614,137	$ 5,316,065

Eastern School District
Schedule of Transportation Expenses

Year Ended June 30	2005	2004
Bus parts and supplies	$ 584,138	$ 619,674
Communications	25,046	21,852
Contracted services	212,226	173,916
Employee allowances	7,798	8,459
Equipment repairs and maintenance	3,500	4,870
Extra-curricular transportation	73,718	63,621
Fuel	873,418	640,878
Insurance	87,795	97,697
Miscellaneous	7,355	4,983
Non-capital equipment	8,195	5,704
Occupational health & safety	4,381	4,576
Service vehicles	1,288	1,346
Snow removal	33,614	56,663
Supplies	6,172	7,090
	$ 1,928,644	$ 1,711,329

French Language School Board
Financial Statements
June 30, 2005

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees of
French Language School Board

We have audited the operating and capital fund balance sheets of **French Language School Board** as at June 30, 2005 and the statements of revenue, expenses and operating surplus and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2005 and the results of its operations for the year then ended in accordance with Canadian public sector accounting recommendations.

Grant Thornton LLP

Summerside, Prince Edward Island
February 27, 2006

Grant Thornton LLP
Chartered Accountants

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French Language School Board
Statements of Revenue, Expense and Operating Surplus

Year Ended June 30	2005	2004
Revenue		
Grants		
Administration	$ **284,300**	$ 361,932
Maintenance and operation	**359,480**	365,960
Program	**49,200**	46,406
Renovations, repairs and maintenance	**58,912**	27,000
Salaries and benefits	**5,576,928**	5,005,887
Professional development	**4,300**	6,100
Transportation	**151,325**	148,417
Other revenue (Note 4)	**346,835**	301,966
	6,831,280	6,263,668
Expenses		
Administration (page 12)	**263,241**	284,212
Maintenance and operation (page 13)	**567,569**	464,670
Minority program (page 14)	**22,036**	26,061
Renovations, repairs and maintenance (page 15)	**93,328**	115,437
Program (page 16)	**60,814**	87,555
Salaries and benefits (page 17)	**5,625,158**	5,156,463
Transportation (page 18)	**199,133**	193,765
	6,831,279	6,328,163
Surplus (deficiency) of revenue over expenses	$ **1**	$ (64,495)

	2005	2004
Operating surplus, beginning of year	$ **25**	$ 64,520
Surplus (deficiency) of revenue over expenses	**1**	(64,495)
Operating surplus, end of year	$ **26**	$ 25

See accompanying notes to the financial statements.

French Language School Board
Balance Sheet - Operating Fund

June 30	2005	2004
Assets		
Current		
Cash and short term deposits	$ 588	$ 510
Receivables	310,508	274,407
Prepaids	-	1,734
Province of Prince Edward Island (Note 5)	186,005	128,845
	497,101	405,496
Department of education		
Post employment benefits	753,733	806,974
	$ 1,250,834	$ 1,212,470
Liabilities		
Payables and accruals		
Bank indebtedness	$ 112,480	$ 216,401
General	86,415	117,936
Salaries and benefits	281,327	24,209
Deferred revenue (Note 6)	16,853	46,925
	497,075	405,471
Post employment benefits (note 7)	753,733	806,974
	1,250,808	1,212,445
Surplus		
Operating surplus	26	25
	$ 1,250,834	$ 1,212,470

Approved on behalf of the Board

____________________ Board Chairman

____________________ Board Secretary

See accompanying notes to the financial statements.

French Language School Board
Balance Sheet - Capital Fund

June 30 **2005** 2004

Assets

	Cost	Accumulated Depreciation	**Net Book Value** (2005)	Net Book Value (2004)
Land	$ 289,226	-	**$ 289,226**	$ 289,226
Buildings and improvements	11,081,548	$ 2,411,176	**8,670,372**	8,695,213
Furniture and equipment	1,161,981	863,091	**298,890**	351,636
Buses	628,647	490,915	**137,732**	179,459
	$ 13,161,402	$ 3,765,182	**$ 9,396,220**	$ 9,515,534

Liabilities

	2005	2004
Capital assets deferred government funding, net of amortization $3,765,182 (2004 - $3,448,392)	**$ 9,396,220**	$ 9,515,534
Capital surplus (page 5)	-	-
	$ 9,396,220	$ 9,515,534

Approved on behalf of the Board

____________________ Board Chairman

____________________ Board Secretary

During the year, the Board purchased capital assets of $ 197,473 (2004 - $251,903) which were funded by the Provincial Government of Prince Edward Island.

See accompanying notes to the financial statements.

French Language School Board
Statement of Capital Surplus

Year Ended June 30	2005	2004
Balance, beginning of year	$ -	$ -
Add:		
Deferred government funding amortization	**316,790**	331,383
Deduct:		
Depreciation		
Buildings	**222,317**	222,954
Furniture and equipment	**52,746**	62,053
Buses	**41,727**	46,376
	316,790	331,383
Balance, end of year	$ -	$ -

See accompanying notes to the financial statements.

French Language School Board
Notes to the Financial Statements
June 30, 2005

1. Nature of operations

The Board operates as a not-for-profit organization that provides for primary and secondary education requirements for people within their jurisdiction, in Prince Edward Island. The Board is funded by the Department of Education of Prince Edward Island.

2. Summary of significant accounting policies

Basis of accounting

The Board follows the accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Capital assets

Capital assets are recorded at cost in the Capital Fund. Depreciation of capital assets is recorded using the diminishing balance method at the annual rate of 2.5% for buildings and 15% for furniture and equipment. Depreciation is recorded on the straight line basis for school buses at 12% and service vehicles and pavement at the rate of 20%.

Only those expenditures which exceed $25,000 are capitalized in the Capital Fund. During the year, renovations and repairs and maintenance totalling $93,328 (2004 - $115,437) were expensed in the Operating fund.

Deferred government funding – capital assets

Government funding received for capital assets is deferred and amortized at the same rates as the related capital assets.

Revenue recognition

The Board follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

French Language School Board
Notes to the Financial Statements

June 30, 2005

2. Summary of significant accounting policies (cont'd)

Retirement allowances and vacation pay

Retirement allowances are actuarially determined based on assumptions and calculations provided by the Province of Prince Edward Island. Vacation pay is accrued as earned.

Deferred revenue

The unexpended portion of grants received for specific purchases is deferred and used for the related future purchases.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdraft.

Pension plans

Instructional employees of the Board are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island.

Non-instructional employees are members of the Prince Edward Island Education Sector Pension Plan with both defined benefit / defined contribution components. The expense of the Board is limited to a matching contribution equal to the employee's portion.

French Language School Board
Notes to the Financial Statements

June 30, 2005

3. Change in accounting policies

During the year, the School Board changed its method of reporting future retirement allowances within the Recommendation in Section PS 3255 "Post – Employment Benefits Compensated Absences and Termination Benefits" of the CICA Handbook and its method of reporting capital assets within recommendation in Section PS 3150 "Tangible Capital Assets" of the CICA Handbook.

As a result the June 30, 2004 figures presented for comparative purposes have been restated from those previously reported.

The following is a summary of the restatement:

	As restated	As previously reported
Statements of Revenue, Expenses and Operating Surplus		
Revenue		
Grants – capital additions	-	$ 27,000
Grants – renovations, repairs and maintenance	$ 27,000	-
Unfunded depreciation	-	331,382
Expenses		
Unfunded depreciation on property and equipment	-	331,382
Balance Sheet – Operating Fund		
Department of Education – post employment benefits	817,274	-
Post employment benefits	817,274	-
Balance Sheet – Capital Fund		
Capital asset deferred government funding	9,515,534	-
Surplus	-	9,515,534
Statement of Capital Surplus		
Capital surplus, beginning of year	-	9,595,014
Add: total capital additions	-	251,903
deferred government funding amortization	331,383	-
Capital surplus, end of year	-	9,515,534

French Language School Board
Notes to the Financial Statements
June 30, 2005

4. Other revenue	**2005**	2004
Grant - French monitor program	**$ 38,543**	$ 35,179
Grant - Federal other	**-**	33,523
Grant - French library	**2,096**	-
Grant - Inservice	**2,000**	1,600
Grant - Animation Culturelle	**72,095**	-
Grant - Grassroots program	**-**	4,161
Grant - Crime prevention project	**7,667**	-
Grant - Multiage	**13,923**	-
Grant - Multiage program	**-**	15,000
Grant - Smart Art	**7,655**	-
Grant - Pilot project	**4,000**	-
Grant - Transitions	**500**	-
Interest and other	**2,365**	4,847
Recoverable - other	**-**	32,303
Recoverable costs - Community Component	**186,902**	169,876
Rentals and other	**9,089**	5,477
	$ 346,835	$ 301,966

5. Province of Prince Edward Island	**2005**	2004
Receivables	**$ 186,005**	$ 128,845

6. Deferred revenue	**2005**	2004
Funds designated for:		
Bus driver training	**$ 500**	$ 500
Cultural program	**-**	30,054
Crime prevention Federal program	**-**	8,448
Smart Art	**787**	-
Mulitage	**-**	7,923
Library	**9,904**	-
Quebec I-P-É	**4,881**	-
Pilot project	**781**	-
	$ 16,853	$ 46,925

French Language School Board
Notes to the Financial Statements
June 30, 2005

7. Post employment benefits

An analysis of the components of, and changes in, post-employment benefits liabilities is as follows:

	2005	2004
Retirement allowance		
Balance, beginning of year	$ **817,274**	$ 772,562
Current service cost	**51,017**	45,449
Interest accrued	**55,053**	51,905
Less: payments made	**(54,353)**	(52,642)
Balance, end of year	**868,991**	817,274
Vacation pay	**17,300**	44,053
	886,291	861,327
Less: current portion	**132,558**	54,353
	$ **753,733**	$ 806,974

The retirement allowance numbers are based on an independent actuarial valuation provided to the Pension and Benefits Division of the Province Of Prince Edward Island Civil Service Commission estimating the components of the total provincial retirement allowance as of April 1, 2002. The Province Of Prince Edward Island projects the total liability in the years between the tri-annual actuarial valuations and has allocated the liability to the three School Boards. The next independent actuarial valuation is to be provided for the next fiscal period.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to expected long term market conditions. Significant actuarial assumptions used in the valuations and projections are:

Rate of return	6.75% per annum
Expected inflation rate	3.25% per annum

Expected average remaining service life 13 years.

At June 30, 2005 unamortized gains (losses) were ($33,857) (2004 - $37,727). These losses will be amortized over the expected average remaining service life of the employee group.

French Language School Board
Notes to the Financial Statements
June 30, 2005

8. Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

French Language School Board
Schedule of Administration Expense

Year Ended June 30	2005	2004
Advertising	$ 7,941	$ 7,559
Board member remuneration	34,672	35,762
Board member travel and other	28,004	27,134
French promotion	5,226	8,226
Miscellaneous	2,109	4,648
Office supplies	26,636	21,963
Postal services and expenses	6,366	6,930
Professional services	39,658	33,701
Public and staff relations	4,105	3,169
Service contracts	38,212	55,992
Special education	1,973	1,363
Telephone	30,051	35,813
Travel	38,288	41,952
	$ 263,241	$ 284,212

French Language School Board
Schedule of Maintenance and Operation Expense

Year Ended June 30	2005	2004
Annual cleaning	$ **3,575**	$ 1,339
Building repairs	**50,393**	35,041
Electricity	**125,205**	121,120
Equipment repairs	**23,696**	20,056
Fuel	**127,296**	89,064
Garbage, water and sewage	**31,360**	25,715
Insurance	**19,016**	24,878
Janitorial supplies	**12,693**	19,715
Maintenance and grounds	**20,967**	21,972
Miscellaneous	**609**	920
Rental - classroom	**138,266**	88,535
Service contract	**459**	-
Snow removal	**14,034**	16,315
	$ **567,569**	$ 464,670

French Language School Board
Schedule of Minority Program Expense

Year Ended June 30	2005	2004
Cultural activities	$ 13,031	$ 14,918
French library	2,096	3,661
Inclusion project	-	3,300
Miscellaneous	1,596	2,134
Travel	5,313	2,048
	$ 22,036	$ 26,061

French Language School Board
Schedule of Renovations, Repairs and Maintenance

Year Ended June 30	2005	2004
Audio visual	$ 319	$ 3,700
Building	44,831	41,450
Classroom/program furniture	12,814	46,880
Computer equipment - admin.	7,211	8,387
Computer equipment - program	5,871	169
Computer equipment - school	576	134
Musical	8,845	3,301
Office / administration furniture	1,124	4,240
Physical education	663	3,285
Plant	3,074	3,891
School bus	8,000	-
	$ 93,328	$ 115,437

French Language School Board
Schedule of Program Expense

Year Ended June 30	2005	2004
A V equipment	$ 689	$ 243
Academic supplies	14,919	12,808
Computer	2,254	1,641
Cultural activities	6,877	32,707
Industrial arts	86	1,119
Library	5,870	3,412
Miscellaneous	5,429	4,856
Music	1,498	3,557
Photocopying	6,227	13,562
Physical education	6,560	5,079
Science	2,750	8,571
Smart Art	7,655	-
	$ 60,814	$ 87,555

French Language School Board
Schedule of Salaries and Benefits Expense

Year Ended June 30	2005	2004
Administrative positions	$ **529,279**	$ 403,223
Board supervisory	**313,660**	237,750
Federally funded	**136,725**	45,581
Maintenance and operation	**433,002**	372,517
Professional development	**9,572**	4,872
Provincially funded	**1,840**	49,741
Secretarial and clerical	**165,946**	142,769
Teacher assistants	**7,215**	227,429
Teachers	**3,714,237**	3,424,573
Transportation	**313,682**	248,008
	$ **5,625,158**	$ 5,156,463

Note:

Administrative positions salaries include principals, vice-principals, and consultants.

Board supervisory salaries include superintendent and business supervisor.

Federally funded salaries include the salaries for the French Monitor Program.

Maintenance and operations salaries include janitorial staff.

Secretarial and clerical salaries include board office secretarial and school secretarial staff.

Teachers' salaries include all teaching staff excluding those listed above.

Transportation salaries include bus driver staff.

French Language School Board
Schedule of Transportation Expense

Year Ended June 30	2005	2004
Contract services	$ **110,179**	$ 123,293
Employee allowances	**1,202**	440
Extracurricular	**6,371**	8,529
Gas and oil	**57,340**	34,432
Insurance	**3,669**	6,380
Miscellaneous	**420**	505
Repairs	**19,952**	20,186
	$ **199,133**	$ 193,765

Island Investment Development Inc.

Consolidated Financial Statements
March 31, 2006

ArsenaultBestCameronEllis

AC ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

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May 18, 2006

Auditors' Report

To the Board of Directors of
Island Investment Development Inc.

We have audited the consolidated balance sheet of **Island Investment Development Inc.** as at March 31, 2006 and the consolidated statements of earnings, retained earnings and cash flows for the year then ended. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Island Investment Development Inc.

Consolidated Balance Sheet
As at March 31, 2006

	2006 $	2005 $
Assets		
Current assets		
Cash and short term investments (quoted market value $18,428,518; 2005 - $33,543,541)	18,313,342	33,531,549
Accounts receivable (note 8)	228,815	1,097,380
Accrued interest receivable (note 8)	329,588	84,780
Demand loan receivable (note 4)	12,550,605	-
Current portion of advances to escrow agent	921,749	887,500
Current portion of notes receivable	8,192,894	5,945,089
	40,536,993	41,546,298
Funds held in trust (note 3)	13,898,299	6,265,957
Advances to escrow agent, less current portion (note 8)	-	787,500
Notes receivable, less current portion (notes 5 and 8)	36,807,453	21,284,804
Deferred financing costs (note 6)	3,537,561	2,657,543
	94,780,306	72,542,102
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	278,468	152,162
Current portion of accrued interest payable	230,554	482,369
Current portion of long-term debt	10,583,984	11,700,710
Due to related company (note 8)	39,000	-
	11,132,006	12,335,241
Funds held in trust (note 3)	13,898,299	6,265,957
Accrued interest payable, less current portion	22,199	200,253
Long-term debt, less current portion (note 7)	69,503,951	53,583,474
	94,556,455	72,384,925
Retained earnings	223,851	157,177
	94,780,306	72,542,102

Approved by the Board of Directors

______________________ Director ______________________ Director

Island Investment Development Inc.

Consolidated Statement of Retained Earnings

For the year ended March 31, 2006

	2006 $	2005 $
Retained earnings (deficit) - Beginning of year	157,177	(325,070)
Net earnings for the year	66,674	482,247
Retained earnings - End of year	223,851	157,177

Island Investment Development Inc.

Consolidated Statement of Earnings

For the year ended March 31, 2006

	2006 $	2005 $
Revenue		
Interest on notes receivable (note 8)	1,869,062	1,741,152
Investment income	763,835	593,484
Provincial Nominee Program fees	595,480	169,508
Provincial Nominee Program defaults (note 3)	1,192,222	344,168
	4,420,599	2,848,312
Expenses		
Salaries	341,365	207,022
Management fees (note 8)	250,000	150,000
Interest and bank charges (note 8)	594	531,507
Interest on long-term debt	76,513	184,240
Professional fees	23,739	29,932
Office	17,925	12,710
Meetings and conferences	24,983	315
Promotion and advertising	31,993	2,274
Equipment	27,393	6,235
Provision for possible losses	2,297,425	372,000
Consulting fees	19,134	25,935
Travel	19,615	6,246
Grants - private companies	102,517	119,002
Population secretariat (Schedule)	188,440	70,913
Amortization	932,289	647,734
	4,353,925	2,366,065
Net earnings for the year	66,674	482,247

Island Investment Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2006

	2006 $	2005 $
Cash provided by (used in)		
Operating activities		
Net earnings for the year	66,674	482,247
Amortization	932,289	647,734
Recovery of provision for possible losses	2,297,425	372,000
	3,296,388	1,501,981
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	868,565	(138,766)
Decrease (increase) in accrued interest receivable	(244,808)	210,955
Decrease in prepaid expense	-	25,000
Increase in accounts payable and accrued liabilities	126,306	61,995
Decrease in accrued interest payable	(429,869)	(135,244)
	3,616,582	1,525,921
Investing activities		
Increase in demand loan receivable	(12,550,605)	-
Decrease (increase) in note receivable - net	(20,067,879)	6,714,875
Increase in deferred financing costs	(1,812,307)	(2,133,439)
	(34,430,791)	4,581,436
Financing activities		
Decrease in advances to escrow agent	753,251	350,000
Increase in due to related company	39,000	-
Decrease in short-term note payable	-	(5,500,000)
Increase in long-term debt - net	14,803,751	24,986,752
	15,596,002	19,836,752
Net change in cash and short-term investments	(15,218,207)	25,944,109
Cash and short-term investments - Beginning of year	33,531,549	7,587,440
Cash and short-term investments - End of year	18,313,342	33,531,549
Supplementary disclosure		
Interest received	2,311,844	2,425,043
Interest paid	521,752	850,948

Island Investment Development Inc.

Non-consolidated Statement of Population Secretariat Expenses

For the year ended March 31, 2006 **Schedule**

	2006 $	2005 $
Salaries	146,780	54,577
Office supplies	3,344	2,716
Equipment	4,419	-
Professional fees	10,064	-
Promotion and marketing	8,637	5,233
Grants	-	4,000
Travel and training	15,196	4,387
	188,440	70,913

Island Investment Development Inc.

Notes to Consolidated Financial Statements
March 31, 2006

1 Basis of presentation

Consolidation

These financial statements include the operations of Island Investment Development Inc. and its three wholly-owned subsidiaries, Prince Edward Island Government Economic Development Fund (No. IV) Inc. (Fund IV), Prince Edward Island Government Economic Development Fund (No. V) Inc. (Fund V), and Prince Edward Island Century 2000 Fund Inc. (Century 2000 Fund).

Corporate status

The company is a provincial Crown corporation established under the provisions of the Island Investment Development Inc. Act and is therefore a non-taxable entity under the provisions of the Income Tax Act.

The company is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island with its purpose to invest in active business operations directly or through Prince Edward Island Business Development Inc. another provincial Crown corporation. The investments are made in typically new or expanding companies and, as such, there is a significant degree of credit risk. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

The company administers the Prince Edward Island Provincial Nominee Program on behalf of the Province of Prince Edward Island, and charges applicants under the program a fee to process the application received.

2 Summary of significant accounting policies

Short-term investments

Short-term investments are recorded at cost.

Notes receivable

The notes receivable are recorded at cost with interest recorded on an accrual basis. When there is an identifiable long-term permanent decline in value, the investments will be written down to their estimated fair value. Any write downs or losses on disposal will be recorded in the year they occur.

Revenue recognition

Interest income is recorded on an accrual basis.

Provincial Nominee Program defaults are recorded as revenue in the year in which the deposit period ends and the applicant does not meet the conditions for repayment.

Provincial Nominee Program fees are recorded as revenue when received.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

Fair value of financial instruments

The company has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

Provision for possible losses

Any provision for possible losses on the notes receivable is recorded in the statement of earnings based on historical trends and management's judgment.

Specific provision

A provision is recorded for specific notes receivable to reduce their book value to an amount expected to be recovered from the notes in the event of an impairment in value. A variety of methods are used to determine the amount expected to be recovered from impaired notes receivable including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken. The specific provision at March 31, 2006 is $199,000 (2005 - $2,112,800).

General provision

A general provision is recorded for notes receivable on the basis that not all of the impairment in the notes receivable can be specifically identified. The general provision of $5,573,207 (2005 - $1,361,982) is based on past performance of similar notes, the level of the specific provision, management's judgment and the maturity and financial strength of the investees.

An impaired loan is a loan where, in management's opinion, there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

Property and equipment

It is the company's policy to expense items of furniture and equipment in the year in which they are acquired.

Escrow agreement

Escrow agent

Under the terms of an escrow agreement, subscription funds tendered by investors in subsidiaries Prince Edward Island Government Economic Development Fund (No. IV) Inc. (Fund IV) and Prince Edward Island Government Economic Development Fund (No. V) Inc. (Fund V) are held in trust by the escrow agent, Corporate Services Ltd., until the commencement date or until the funds are returned to the investor in the event that the investor's subscription has not been accepted.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

Disbursement of subscription proceeds Fund IV and Fund V

For subscription proceeds of Fund IV and Fund V, the escrow agent disburses the subscription proceeds at the commencement date as follows:

- advance 70% of subscription proceeds to Fund IV and Fund V to be invested in approved projects;
- advance 10% of subscription proceeds to Fund IV and Fund V to pay to Island Investment Development Inc., for offering memorandum costs and placement fees; and
- establish a repayment account by investing 20% of the subscription proceeds in high yield secure instruments as a contingency for repayment of rejected investors.

Deferred financing costs

The costs incurred in obtaining financing have been capitalized and are being amortized using the straight-line basis over sixty months, commencing when projects have been approved and loans to borrowers drawn down for Fund IV and Fund V, and commencing with the issuance of the note payable for Century 2000 Fund.

Interest on long-term debt

Interest expense on the notes payable is accrued from the date of the closing. Interest paid to refunded investors is calculated from the date funds are deposited by the escrow agent.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reported period. Actual results could differ from those reported.

3 Funds held in trust

Funds held in trust consist of:

	2006 $	2005 $
Amounts held under the Prince Edward Island Provincial Nominee Program - Good Faith deposits	10,200,820	5,139,749
Amounts held under the Prince Edward Island Provincial Nominee Program to be invested in local businesses	826,137	1,126,208
Amounts held under the Prince Edward Island Provincial Nominee Program for language deposits	2,871,342	-
	13,898,299	6,265,957

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

a) Certain applicants under the Prince Edward Island Provincial Nominee Program have entered into a good faith deposit agreement with the company. Under this agreement, each applicant deposits $25,000 in trust for a period of one year from the date the applicant is granted permanent resident status by the Government of Canada. At the end of this period, the deposit is returned to the applicant, plus interest, provided the applicant provides evidence that the conditions set out in the agreement have been met. In the case that the applicant does not meet the conditions for repayment, the company records the deposit amount, plus accrued interest, as revenue in the fiscal year in which the deposit period ends. During the year, 17 applicants (2005 - ten) were refunded totaling $442,925 (2005 - $257,961) and 33 applicants (2005 - nine) defaulted totaling $873,403 (2005 - $238,151).

b) Certain applicants under the Prince Edward Island Provincial Nominee Program have entered into a good escrow agreement with the company. Under this agreement, each applicant deposits $100,000 in trust until such time time as the conditions set out in the escrow agreement have been met. Once the conditions have been met, the deposit is returned to the applicant, plus interest. In the case that the applicant does not meet the conditions for repayment, the company records the deposit amount, plus accrued interest, as revenue in the fiscal year in which the deposit period ends. During the year, three applicants (2005 - nil) were refunded totaling $313,741 (2005 - nil) and three applicants (2005 - one) defaulted totaling $318,819 (2005 - $106,017).

c) Certain applicants under the Prince Edward Island Provincial Nominee Program have entered into a language proficiency agreement with the company. Under this agreement, each applicant deposits $20,000 in trust for a maximum of one year after the applicant is granted permanent residents status by The Government of Canada. Once the conditions of the agreement are met, the company records the deposit amount, plus accrued interest, as revenue in the fiscal year in which the deposit period ends.

Interest earned on funds held in trust is recorded in the trust when interest is received by the company.

4 Demand loan receivable

The company has entered into an agreement with Prince Edward Island Business Development Inc., a provincial Crown corporation, to provide a $15,000,000 revolving line of credit. The balance of the line of credit at March 31, 2006 is $12,550,605 (2005 - nil).

Interest is charged monthly at a rate equal to the Department of Provincial Treasury of Prince Edward Island's short-term lending rate and the total amount is repayable on demand.

The demand loan is secured by a promissory note for $15,000,000 and a revolving credit agreement.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

5 Notes receivable

The notes receivable bear interest at 4%, have various interest and principal repayment terms, and have due dates ranging from May 2006 to February 2011.

The notes receivable are invested in the following business sectors with terms to maturity as disclosed in note 11:

					2006	**2005**
	Total **$**	**Impaired loans included in total** **$**	**General provision** **$**	**Specific provision** **$**	**Net** **$**	**Net** **$**
Tourism	3,945,000	-	433,267	-	3,511,733	1,415,500
Shipbuilding/shipping	14,533,548	-	1,659,900	-	12,873,648	7,537,068
Technology	1,236,750	-	-	-	1,236,750	1,591,425
Manufacturing and processing	26,217,255	570,000	2,980,399	199,000	23,037,856	12,468,400
Small business	2,350,000	-	229,215	-	2,120,785	2,657,500
Aerospace	2,490,000	-	270,425	-	2,219,575	1,560,000
	50,772,553	570,000	5,573,206	199,000	45,000,347	27,229,893
Less: Current portion	9,318,435	570,000	926,541	199,000	8,192,894	5,945,089
	41,454,118	-	4,646,665	-	36,807,453	21,284,804

Related party notes:

Included in manufacturing and processing is a $13,750,000 note receivable (2005 - $7,186,000)) due from Prince Edward Island Business Development Inc.

Included in technology is a $576,750 note receivable (2005 - $865,125) due from FTC Enterprises Inc., a subsidiary of Prince Edward Island Business Development Inc.

Included in shipbuilding/shipping is a $6,599,998 (2005 - nil) note receivable due from Prince Edward Island Business Development Inc.

Island Investment Development Inc.

Notes to Consolidated Financial Statements
March 31, 2006

Continuity of allowance for possible losses

	2006 $	2005 $
Allowance for possible losses - Beginning of year	3,474,782	4,662,782
Less: Provision recorded during the year	-	372,000
Recovery of provision for possible losses (loan written off during the year)	2,297,425	(1,560,000)
Allowance for possible losses - End of year	5,772,207	3,474,782

6 Deferred financing costs

	2006			2005
	Cost $	Accumulated amortization $	Net $	Net $
Island Fund IV Placement and escrow fees	2,475,398	2,446,828	28,570	87,880
Island Fund V Facilitation commissions	1,309,714	1,280,635	29,079	92,333
Century Fund 2000 Facilitation commissions	4,920,613	1,440,701	3,479,912	2,477,330
	8,705,725	5,168,164	3,537,561	2,657,543

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

7 Long-term debt

	2006 $	2005 $
Non-interest bearing notes payable, nominally dated with dates ranging from April 1, 2001 to April 1, 2006, repayable in full in five years pursuant to the federally administered Immigrant Investor Program	74,837,935	50,534,184
1% notes payable, nominally dated May 28, 2001, principal and interest repayable in full in five years	1,250,000	1,250,000
1% notes payable, nominally dated November 19, 2001, principal and interest repayable in full in five years	2,500,000	2,500,000
1% notes payable, nominally dated March 18, 2002, principal and interest repayable in full in five years	1,000,000	1,000,000
1% notes payable, nominally dated February 18, 2003, principal and interest repayable in full in five years	500,000	500,000
1% notes payable, repaid during the year	-	2,750,000
1% notes payable, repaid during the year	-	3,500,000
1% notes payable, repaid during the year	-	750,000
1% notes payable, repaid during the year	-	2,500,000
	80,087,935	65,284,184
Less: Current portion	10,583,984	11,700,710
	69,503,951	53,583,474

All notes payable are pursuant to the Offering Memorandum and Immigrant Investor Regulations.

The Province of Prince Edward Island has provided a guarantee of the non-interest bearing notes payable to the Minister of Citizenship and Immigration (Agent) in the event of the failure of Prince Edward Island Century 2000 Fund Inc. to repay the notes payable to the Agent within 30 days following the end of the allocation period.

Interest expense on the notes payable is accrued from the date of closing. Interest paid to refunded investors is calculated from the date funds are deposited by the escrow agent.

The principal payments required on on the long-term debt to meet retirement provisions is as follows:

	$
Year ending March 31, 2007	10,583,984
2008	5,725,090
2009	5,837,184
2010	31,344,788
2011	26,596,889

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

8 Related party transactions

The amount due to related company, Prince Edward Island Business Development Inc., is non-interest bearing with no set terms of repayment. Prince Edward Island Business Development Inc. is a provincial Crown corporation.

Included in accounts receivable is nil (2005 - $12,883) from the Province of Prince Edward Island, $228,400 (2005 - $821,443) from Corporate Services Ltd., and nil (2005 - $403) from Technology Prince Edward Island Inc., both subsidiaries of a provincial Crown corporation. Included in accrued interest receivable is $200,250 (2005 - nil) due from Prince Edward Island Business Development Inc., a provincial Crown corporation.

Included in accounts payable and accrued liabilities is $75,452 (2005 - $78,504) to the Province of Prince Edward Island, $112,989 (2005 - $17,602) to Prince Edward Island Business Development Inc. and nil (2005 - $10,636) to Technology Prince Edward Island Inc.

Included in interest on notes receivable is $872,803 (2005 - $268,902) from Prince Edward Island Business Development Inc., nil (2005 - $28,991) from Atlantic Technology Centre Inc., and $34,605 (2005 - $46,140) from F.T.C. Enterprises Limited.

Included in expenses are management fees of $250,000 (2005 - $150,000) and included in interest and bank charges expense is nil (2005 - $530,692) paid to Prince Edward Island Business Development Inc.

The advances to escrow agent are to Corporate Services Ltd.

Corporation Services Ltd., Technology Prince Edward Island Inc., F.T.C. Enterprises Limited and Atlantic Technology Centre Inc. are wholly-owned subsidiaries of Prince Edward Island Business Development Inc.

9 Agent agreement

Prince Edward Island Century 2000 Fund Inc.

The Federal Minister of Citizenship and Immigration acts as an Agent for Prince Edward Island Century 2000 Fund Inc. (the company) by receiving investments from immigrant investors and disbursing them to the company in accordance with the allocation formula set out in the federal Immigration Regulations, 1978. All monies received by the Agent pursuant to the issuance of debt obligations by the company are to be held by the Agent in a separate account from the moment such monies are received, on behalf of the company. Certain facilitated investments are subject to a commission agreement whereby a 7% commission on the provincial allocation is paid to a party which facilitates an investment, effective for facilitated investments received on or after July 1, 2001. These commissions are paid out of the special account by the Agent on the first day of the second month following the issuance of a visa to the investor who made the facilitated investment, and are recorded as deferred financing charges by the company.

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

The Agent disburses the provincial allocation, less applicable commissions, to the company at the beginning of the five-year allocation period. The Agent issues a promissory note to the investor on behalf of the company. The company is obligated to repay the note, bearing interest at 0%, within 30 days after the expiry of the allocation period.

The company is required to repay the investor, through the Agent, the investor's provincial allocation within 90 days of receipt by the Agent of a request by the investor to withdraw his/her application for permanent residence, or upon the refusal of the application by the Minister.

During the year, two notes (2005 - one note) were refunded for $88,745 (2005 - $63,110) reducing notes payable by $88,745 (2005 - $63,110)

10 Commitments

Prince Edward Island Century 2000 Fund Inc. loans approved but not disbursed at March 31, 2006 amounts to $15,518,696 (2005 - $12,085,000).

Island Investment Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

11 Interest rate risk

The following table sets out the assets and liabilities on the earlier of contractual maturity or repricing date.

	Under 1 year $	Over 1 to 5 years $	Not interest rate sensitive $	Total $
Assets				
Cash and investments	18,313,342	-	-	18,313,342
Accounts receivable	-	-	228,815	228,815
Accrued interest receivable	-	-	329,588	329,588
Demand loan receivable	12,550,605	-	-	12,550,605
Effective interest rate	4.00%	-	-	-
Notes receivable	9,318,436	41,454,118	(5,772,207)	45,000,347
Effective interest rate	4.00%	4.00%		
Advances from escrow	-	-	921,749	921,749
Funds held in trust	-	-	13,898,299	13,898,299
Deferred financing costs	-	-	3,537,561	3,537,561
Total assets	40,182,383	41,454,118	13,143,805	94,780,306
Liabilities and surplus				
Accounts payable and accrued liabilities	-	-	278,468	278,468
Accrued interest payable	-	-	252,753	252,753
Long-term debt	10,583,984	69,503,951	-	80,087,935
Effective interest rate	0.00%	0.00%		
Due to related party	-	-	39,000	39,000
Funds held in trust	-	-	13,898,299	13,898,299
Surplus	-	-	223,851	223,851
Total liabilities and surplus	10,583,984	69,503,951	14,692,371	94,780,306
Interest rate sensitivity gap	29,598,399	(28,049,833)	(1,548,566)	-

12 Comparative figures

Certain comparative figures presented for the 2005 fiscal year have been restated to conform with the financial statement presentation adopted for the current year.

Island Waste Management Corporation
Consolidated Financial Statements
March 31, 2006

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Directors of
Island Waste Management Corporation

We have audited the consolidated statement of financial position of Island Waste Management Corporation as at March 31, 2006 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Island Waste Management Corporation as at March 31, 2006 and the results of its operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown, Prince Edward Island
May 31, 2006

Grant Thornton LLP
Chartered Accountants

Island Waste Management Corporation Consolidated Statements of Operations and Changes in Net Assets

Year Ended March 31	2006	2005
Revenues		
Household user fees (Page 11)	$ 10,710,449	$ 9,162,032
Disposal fees (Page 11)	7,320,328	6,184,784
Tires	573,816	445,196
Decommissioning and monitoring	33,687	-
Other	158,889	38,602
	18,797,169	15,830,614
Expenditures		
Administration (Page 12)	1,339,416	1,559,457
Advertising, education and public relations (Page 12)	96,247	111,165
Operational costs		
Residential collection (Page 12)	7,723,416	6,694,716
Disposal (Pages 13 – 14)	5,986,631	5,863,221
Tire collection and disposal (Page 15)	573,816	386,706
Decommissioning and monitoring	33,763	20,710
	15,753,289	14,635,975
Excess revenues over expenditures before interest on long term debt and depreciation and amortization	3,043,880	1,194,639
Interest on long term debt	1,872,194	1,944,697
Excess revenues over expenditures (expenditures over revenues) before depreciation and amortization	1,171,686	(750,058)
Depreciation and amortization	2,523,871	2,301,062
Excess expenditures over revenues	(1,352,185)	(3,051,120)
Government assistance, deficit relief (Note 4)	-	6,582,613
(Decrease) increase in net assets	$ (1,352,185)	$ 3,531,493

Deficit, beginning of year		
As previously stated	$ -	$ (3,545,134)
Prior period adjustment (Note 3)	(33,603)	(19,962)
As restated	(33,603)	(3,565,096)
(Decrease) increase in net assets	(1,352,185)	3,531,493
Deficit, end of year	$ (1,385,788)	$ (33,603)

See accompanying notes to the financial statements.

Island Waste Management Corporation
Consolidated Statement of Financial Position

March 31	2006	2005
Assets		
Current		
Cash	$ 758,480	$ -
Receivables (Note 5)	3,827,937	9,897,193
Investment held in trust (Note 6)	200,000	200,000
Prepaids	5,903	15,361
	4,792,320	10,112,554
Performance deposits	106,062	106,000
Intangible assets (Note 7)	760,179	863,364
Capital assets (Note 8)	26,715,252	26,717,833
	$ 32,373,813	$ 37,799,751
Liabilities		
Current		
Bank indebtedness (Note 9)	$ -	$ 50,601
Short term borrowings (Note 10)	900,013	4,290,000
Payables and accruals	1,873,559	1,294,175
Current portion of long term debt	925,306	769,128
	3,698,878	6,403,904
Contractor deposits	107,000	107,000
Long term debt (Note 11)	28,794,061	30,254,867
Asset retirement obligation (Note 12)	1,159,662	1,067,583
	33,759,601	37,833,354
Deficit	(1,385,788)	(33,603)
	$ 32,373,813	$ 37,799,751

Commitments (Note 13)

On behalf of the Board

_______________ Director _______________ Director

See accompanying notes to the financial statements.

Island Waste Management Corporation
Consolidated Statement of Cash Flows

Year Ended March 31	2006	2005
Increase (decrease) in cash and cash equivalents		
Operating		
Cash received from customers	$ 18,283,812	$ 16,222,511
Cash payments to suppliers	(13,008,725)	(12,165,519)
Cash payments to employees	(2,017,986)	(2,062,752)
Interest paid	(1,960,274)	(2,014,886)
	1,296,827	(20,646)
Financing		
Proceeds from deficit relief	6,582,613	-
Proceeds from issuance of long term debt	1,665,000	-
Repayment of long term debt	(2,969,628)	(723,596)
Change in short term borrowings	(3,389,987)	1,500,000
	1,887,998	776,404
Investing		
(Increase) decrease in performance deposits	(62)	1,000
Purchase of intangible assets	(16,894)	(89,248)
Proceeds from disposal of capital assets	22,694	1,963
Purchase of capital assets	(2,381,482)	(95,199)
	(2,375,744)	(181,484)
Net increase in cash and cash equivalents	809,081	574,274
Cash and cash equivalents (bank indebtedness)		
Beginning of year	(50,601)	(624,875)
End of year	$ 758,480	$ (50,601)

See accompanying notes to the financial statements.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2006

1. Nature of operations

The corporation is a Prince Edward Island crown corporation established under the provisions of the *Environmental Protection Act* and therefore is exempt from income taxes under paragraph 149(1)(d) of the Canadian *Income Tax Act*. The corporation's objective is to implement and manage a province-wide waste management system. This includes the collection and disposal of solid waste generated in Prince Edward Island.

2. Summary of significant accounting policies

Principles of consolidation
The consolidated financial statements include the accounts of the corporation and its wholly owned subsidiary, IWMC Capital Holdings Corporation, after the elimination of inter-company transactions and balances.

Revenue recognition
Revenues are recognized on an accrual basis when earned and measurable.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks, net of bank overdrafts, and short term investments with original maturities of 90 days or less.

Depreciation
Depreciation is applied to write-off the cost of capital assets over their estimated lives are follows:

Buildings	20 yrs,	straight line
Landfill cells	5 and 8 yrs,	straight line
Compost facility	25 yrs,	straight line
Waste Watch drop-off centers	15 yrs,	straight line
Waste and compost carts	10 yrs and 15 yrs,	straight line
Site equipment	5 and10 yrs,	straight line
Motor vehicles	5 yrs,	straight line
Office equipment	5 yrs,	straight line
Computer equipment	5 yrs,	straight line
Computer software	5 yrs,	straight line
Leasehold improvements	5 yrs,	straight line
Signage	5 yrs,	straight line

No depreciation is taken in the year of disposal.

Amortization
Amortization is applied to write-off the cost of intangible assets over their estimated lives as follows:

Updates at PEI Energy Systems	10 yrs,	straight line
Waste Watch implementation costs	10 yrs,	straight line

Island Waste Management Corporation
Notes to the Consolidated Financial Statements

March 31, 2006

2. Summary of significant accounting policies (continued)

Use of estimates

In preparing the corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from estimates used in these financial statements.

3. Prior period adjustment

Effective April 1, 2005 the Corporation changed its depreciation policies with respect to certain capital assets. The assets affected by the change in policy are site equipment, motor vehicles, office equipment, computer equipment, computer software and signage. All the noted assets were previously depreciated using the declining balance method and are now being depreciated using the straight line method. As a result of retroactively applying the change in policy, the opening deficits as at March 31, 2005 and 2004 have been increased by $33,603 and $19,962 respectively due to the change in the previously recorded depreciation expense.

4. Government assistance, deficit relief

Cabinet of the Province of Prince Edward Island had determined that Government will relieve Island Waste Management Corporation from its accumulated deficit as at March 31, 2005. The proceeds from this relief were used to payout both long and short term debt owing to the Province effective October 1, 2005.

5. Receivables

	2006	2005
Trade	$ 716,979	$ 539,431
Province of Prince Edward Island household user fees	2,949,098	2,613,225
Government assistance, deficit relief (Note 4)	-	6,582,613
Goods and services tax, net	161,860	161,924
	$3,827,937	$9,897,193

6. Investment held in trust

The corporation holds in trust $200,000, as part of an agreement with the Community of Miltonvale Park dated July 10, 2000, to provide area residents with the infrastructure for delivery of domestic water services. Upon fulfillment of the agreement the funds will be returned to the corporation. In the event that the corporation is unable to substantially commence the undertaking by July 13, 2005 then the Community of Miltonvale Park may demand payment of the funds from the trustee plus accrued interest. The corporation would then be released from its obligation. During 2006, the agreement was amended to extend the date by which commencement must occur to July 13, 2006.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2006

7. Intangible assets

			2006	2005
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Update at PEI Energy Systems	$ 388,860	$ 156,436	**$ 232,424**	$ 254,416
Waste Watch implementation costs	811,930	284,175	**527,755**	608,948
	$ 1,200,790	$ 440,611	**$ 760,179**	$ 863,364

8. Capital assets

			2006	2005
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 504,420	$ -	**$ 504,420**	$ 504,420
Buildings	45,102	9,026	**36,076**	38,331
Landfill cells	4,583,795	2,479,932	**2,103,863**	1,275,853
Compost facility	21,163,594	2,937,768	**18,225,826**	19,072,370
Waste Watch drop-off centers	1,280,463	293,503	**986,960**	1,061,414
Waste and compost carts	5,036,789	1,111,629	**3,925,160**	4,184,547
Site Equipment	936,580	223,246	**713,334**	227,472
Motor vehicles	440,689	296,110	**144,579**	222,293
Office equipment	47,307	32,154	**15,153**	22,827
Computer equipment	95,971	77,460	**18,511**	36,077
Computer software	80,997	62,491	**18,506**	34,705
Leasehold improvements	71,879	49,015	**22,864**	37,239
Signage	1,114	1,114	**-**	285
	$ 34,288,700	$ 7,573,448	**$ 26,715,252**	$ 26,717,833

9. Bank indebtedness

The corporation is party to a centralized banking agreement among the Government of Prince Edward Island, crown entities, and the bank.

10. Short term borrowings

	2006	2005
2.8% promissory notes payable to the Province of Prince Edward Island.	**$ 900,013**	$ 4,290,000

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2006

11. Long term debt	**2006**	2005
6.40% debenture amortized to and maturing in December 2027, payable in quarterly instalments of principal and interest of $599,547. The debenture is unconditionally secured by the Province of Prince Edward Island.	**$ 28,054,367**	$ 28,633,775
4.67% Province of Prince Edward Island term loan amortized and maturing in March 2011, payable in quarterly instalments of principal and interest of $93,508.	**1,665,000**	-
Paid out during the year	**-**	2,390,220
	29,719,367	31,023,995
Less: current portion	**925,306**	769,128
	$ 28,794,061	$ 30,254,867

Annual principal repayments in each of the next five years are due as follows: 2007 - $925,306; 2008 - $973,768; 2009 - $1,031,964; 2010 - $1,093,705; 2011 - $1,159,307.

12. Asset retirement obligation

The following presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement, including the capping, closure, and post-closure costs of landfill cells:

	2006	2005
Asset retirement obligation, beginning of year	**$ 1,067,583**	$ 789,562
Liabilities incurred	**38,700**	238,543
Accretion expense	**53,379**	39,478
Asset retirement obligation, end of year	**$ 1,159,662**	$1,067,583

The total undiscounted amount of estimated cash flows required to settle the obligation is $1,500,000 (2005 - $1,500,000), which has been discounted using a credit-adjusted risk-free rate of 5 percent. Most of these obligations are not expected to be paid for several years in the future and will be funded from general corporation resources at the time of closure.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2006

13. Commitments

The corporation conducts a portion of its operations, the compost facility, pursuant to an operating agreement dated November, 2001, effective October 1, 2002. The agreement provides for the payment by the corporation to the operator of the facility a minimum annual fee plus an excess tonnage fee. The minimum annual fee commitments for the next two years, excluding the excess tonnage fees, under the operating agreement are as follows:

2007	$ 1,412,500
2008	$ 712,500

The corporation has entered into agreements to lease office and storage space. Minimum rent payable for the next five years on these leases are as follows:

2007	$ 46,500
2008	$ 38,475
2009	$ 14,400
2010	$ 14,400
2011	$ 10,800

The corporation has entered into various agreements for the collection of recyclables, waste and compost materials. Minimum payments for the contracts currently in place for the next five years on these contracts are as follows:

2007	$ 3,748,000
2008	$ 2,633,000
2009	$ 1,176,000
2010	$ 920,000
2011	$ 778,000

The contracts referred to above begin to expire in June 2007. It is management's intention to replace these contracts.

The corporation has entered into an agreement to supply PEI Energy Systems with a minimum of 30,617 tons of waste annually. The agreement is for 30 years, expiring in August 2025. Any shortage is the responsibility of the corporation. Annual processing costs for the waste are estimated at $1,764,000.

Island Waste Management Corporation
Notes to the Consolidated Financial Statements
March 31, 2006

14. Credit risk

The corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the corporation provides services may experience financial difficulty and be unable to fulfill their obligations.

Before engaging in providing services to clients, the company performs a credit risk evaluation and regularly monitors its accounts. Household user fees are collected by the Province of Prince Edward Island through its provincial tax system.

15. Other matters

Costs associated with the closure and decommissioning of provincial dump sites are the responsibility of the Province of Prince Edward Island.

16. Comparative figures

Certain of the 2005 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Island Waste Management Corporation
Consolidated Schedule of Revenues

Year Ended March 31	2006	2005

Household User Fees

	2006	2005
Billed through property taxes	$ 10,752,735	$ 9,191,467
Billed by Island Waste Management Corporation	85,062	57,093
Refunds and adjustments	(128,075)	(88,692)
Miscellaneous	727	2,164
	$ 10,710,449	$ 9,162,032

Disposal Fees

	2006	2005
East Prince Waste Management Facility	$ 1,653,096	$ 1,396,559
Energy from Waste	1,331,190	1,087,140
Central Compost Facility	704,602	721,160
Brockton	82,416	69,430
Dingwells Mills	79,078	69,009
Murray River	47,151	44,235
New London	92,021	84,742
Residential	3,326,007	2,706,068
Other	4,767	6,441
	$ 7,320,328	$ 6,184,784

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31	2006	2005
Administration		
Dues and memberships	$ 2,607	$ 3,676
Insurance	14,616	14,550
Interest and bank charges	88,080	70,189
Miscellaneous	6,237	5,385
Office equipment	4,665	8,154
Office supplies	15,810	24,169
Professional fees	45,818	91,423
Rent	46,500	68,465
Repairs and maintenance	7,394	9,906
Salaries and wages	986,598	1,109,739
Supplies	6,085	9,083
Telephone	57,389	77,756
Travel	48,877	58,365
Utilities	8,740	8,597
Total	$1,339,416	$1,559,457
Advertising, Education and Public Relations		
Advertising	$ 4,087	$ 5,378
Education	50,092	53,582
Public relations	10,889	19,495
Wages	31,179	32,710
	$ 96,247	$ 111,165
Residential Collection		
Cart purchases and storage	$ 11,260	$ 801
Collection contracts		
Compost and waste	2,921,413	2,713,448
Recyclables	1,047,383	977,283
Other	25,688	26,088
Service technicians		
Salaries	121,914	123,279
Vehicle and supplies	44,028	65,821
Tippage on residential waste and compost	3,551,730	2,787,996
	$7,723,416	$6,694,716

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31	2006	2005
Disposal		
East Prince Waste Management Facility		
Accretion	$ 53,376	$ 39,478
Consulting	1,080	-
Equipment rental	12,829	34,573
Gas and oil	38,885	37,027
Hazardous waste	36,379	21,610
Leachate disposal	314,793	276,587
Office and miscellaneous	10,418	15,658
Repairs and maintenance	128,913	340,685
Salaries, wages, and benefits	299,179	265,161
Security	7,764	7,756
Supplies and materials	65,235	45,523
Telephone	4,171	4,082
Travel and conferences	2,820	4,135
Utilities	11,652	10,929
	$ 987,494	$ 1,103,204
Queens County Regional Landfill		
Repairs and maintenance	$ 829	$ 1,057
Telephone	332	350
Utilities	1,465	1,390
	$ 2,626	$ 2,797
Energy from Waste		
Fly ash disposal	$ 271,582	$ 275,748
PEI Energy Systems contract	1,780,126	1,751,976
Repairs and maintenance – scale	2,828	3,717
Scale house supplies	4,016	3,051
Wages – scale operator and inspector	95,016	92,460
	$ 2,153,568	$ 2,126,952
Central Composting Facility		
Contract	$ 1,554,746	$ 1,452,672
Insurance	80,639	56,967
Property tax	181	181
Salaries, wages, and benefits	116,267	108,214
Supplies	9,074	9,602
	$ 1,760,907	$ 1,627,636

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31	2006	2005

Disposal

Waste Watch Drop-Off Centers

	2006	2005
Blue bag disposal	$ 19,235	$ 12,707
Green Isle Environmental contract	275,805	237,342
Household hazardous waste	173,134	166,609
Material and supplies	15,872	14,171
Miscellaneous	474	575
Professional services	3,942	-
Repairs and maintenance	124,760	130,641
Salaries, wages, and benefits	265,246	239,816
Security	1,728	1,536
Signage	1,439	84
Telephone	5,155	5,089
Travel	13,576	17,692
Utilities	7,239	6,862
	$ 907,605	$ 833,124

Transportation of Material

	2006	2005
Contracted hauling	$ 1,738	$ 6,476
Motor vehicle	65,004	62,904
Supplies	5,102	4,397
Salaries, wages and benefits	102,587	91,373
	$ 174,431	$ 165,150

Other Disposal Costs

	2006	2005
Scrap metal disposal	$ -	$ 545
Special cleanups	-	3,813
	$ -	$ 4,358
Total	$ 5,986,631	$ 5,863,221

Island Waste Management Corporation
Consolidated Schedule of Expenditures

Year Ended March 31	**2006**	2005

Tire Collection and Disposal

	2006	2005
Collection	**$ 193,164**	$ 192,158
Baling	**-**	70,698
Maintenance	**9,410**	712
Disposal	**371,242**	123,138
	$ 573,816	$ 386,706

PRINCE EDWARD ISLAND

AGRICULTURAL INSURANCE CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Agricultural Insurance Corporation

I have examined the balance sheet of the Prince Edward Island Agricultural Insurance Corporation as at March 31, 2006 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 31, 2006

STATEMENT 1

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2006

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2006	TOTAL 2005
ASSETS:								
Cash	$ 3,983,940	$ 64,826	$3,711	$ -	$ -	$ -	$ 4,052,477	$ 2,343,182
Term deposits - Note 3	9,936,678	267,143	-	-	-	-	10,203,821	7,002,946
Accounts receivable								
- General	12,760	146	8	-	-	-	12,914	8,204
- Producer	172,795	-	-	-	4,773	1,185,164	1,362,732	641,820
- Province of PEI	-	-	141	-	-	2,168,890	2,169,031	3,093,349
- Federal Government	515,232	-	1,021	191,462	100,518	5,188,342	5,996,575	5,254,115
	$14,621,405	$332,115	$4,881	$191,462	$105,291	$8,542,396	$23,797,550	$18,343,616
LIABILITIES:								
Overdraft	$ -	$ -	$ -	$164,987	$138,201	$ 367,424	$ 670,612	$ 294,125
Accounts payable								
- General	3,978	86	-	363	322	836	5,585	4,528
- Province of PEI	676,039	-	-	8,972	1,965	-	686,976	1,463,191
Indemnities payable	482,577	18,860	-	-	-	8,208,762	8,710,199	7,499,439
Deferred revenue	12,697	-	-	-	-	-	12,697	13,753
	1,175,291	18,946	-	174,322	140,488	8,577,022	10,086,069	9,275,036
Contingent liability - Note 4								
SURPLUS (DEFICIT)	13,446,114	313,169	4,881	17,140	(35,197)	(34,626)	13,711,481	9,068,580
	$14,621,405	$332,115	$4,881	$191,462	$105,291	$8,542,396	$23,797,550	$18,343,616

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

STATEMENT 2

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 2006

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2006	TOTAL 2005
REVENUES:								
Insurance premiums								
- Producer	$ 3,329,622	$ 25,484	$ -	$ -	$ -	$ -	$ 3,355,106	$2,839,561
- Provincial	2,592,510	12,742	-	-	-	-	2,605,252	2,324,496
- Federal	3,220,559	-	-	-	-	-	3,220,559	2,983,679
	9,142,691	38,226	-	-	-	-	9,180,917	8,147,736
Less: Premium discount	62,120	-	-	-	-	-	62,120	51,438
	9,080,571	38,226	-	-	-	-	9,118,797	8,096,298
Contributions to admin. expenses								
- Provincial	395,907	-	-	-	-	423,050	818,957	628,379
- Federal	593,861	-	-	-	-	634,575	1,228,436	942,568
- Producer	-	-	-	-	-	31,515	31,515	124,905
	989,768	-	-	-	-	1,089,140	2,078,908	1,695,852
Other								
Provincial grant - Note 1(d) - 1(l)	260,976	-	-	71,136	11,453	8,463,380	8,806,945	10,857,113
Federal grant - Note 1(d), 1(e), 1(l)	-	-	-	106,703	17,179	12,695,070	12,818,952	15,893,808
Interest	327,340	8,266	73	79	-	11,174	346,932	239,743
	588,316	8,266	73	177,918	28,632	21,169,624	21,972,829	26,990,664
Total Revenue	10,658,655	46,492	73	177,918	28,632	22,258,764	33,170,534	36,782,814
EXPENSES:								
Indemnities - Note 1(j)	3,460,239	18,860	-	177,839	28,632	21,158,450	24,844,020	33,246,267
Other payments - Note 1(f) - 1(h)	260,976	-	-	-	-	-	260,976	261,241
Administration - Schedule 2	989,768	-	-	-	-	1,089,140	2,078,908	1,695,852
Bad debt (recovery)	(13,028)	-	(250)	(1,794)	-	(20,581)	(35,653)	66,750
Interest	-	-	-	877	4,210	37,655	42,742	7,746
Reinsurance premium - Note 6	1,336,640	-	-	-	-	-	1,336,640	954,500
Total Expenses	6,034,595	18,860	(250)	176,922	32,842	22,264,664	28,527,633	36,232,356
Net income (loss) for the year	4,624,060	27,632	323	996	(4,210)	(5,900)	4,642,901	550,458
Surplus, (Deficit) beginning of year	8,822,054	285,537	4,558	16,144	(30,987)	(28,726)	9,068,580	8,518,122
Surplus, (Deficit) end of year	$13,446,114	$313,169	$4,881	$ 17,140	$(35,197)	$ (34,626)	$13,711,481	$9,068,580

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006

	PI	BRRP	ADIP/AIDA	CFIP	NMCP	CAIS	TOTAL 2006	TOTAL 2005
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts from producers	$ 3,487,510	$ 25,484	$ -	$ -	$ -	$ 31,515	$ 3,544,509	$ 2,717,717
Receipts from Provincial Government	3,873,128	13,882	-	(137,407)	19,305	8,612,413	12,381,321	11,684,158
Receipts from Federal Government	4,387,072	-	-	-	163,298	11,973,053	16,523,423	19,269,943
Indemnity payments	(3,715,478)	(51,250)	249	(181,979)	(22,136)	(20,514,084)	(24,484,678)	(28,187,502)
Other payments	(260,976)	-	-	-	-	-	(260,976)	(261,241)
Payments for program administration	(989,768)	-	-	-	-	(1,089,140)	(2,078,908)	(1,695,499)
Interest received	277,762	8,334	71	-	-	-	286,167	236,360
Interest paid	-	-	-	(312)	(4,543)	(35,680)	(40,535)	(9,590)
Reinsurance premiums	(1,336,640)	-	-	-	-	-	(1,336,640)	(954,500)
NET INCREASE (DECREASE)	5,722,610	(3,550)	320	(319,698)	155,924	(1,021,923)	4,533,683	2,799,846
Balance, beginning of year	8,198,008	335,519	3,391	154,711	(294,125)	654,499	9,052,003	6,252,157
Balance, end of year	13,920,618	331,969	3,711	(164,987)	(138,201)	(367,424)	13,585,686	$ 9,052,003
As represented by:								
Cash	$ 3,983,940	$ 64,826	$3,711	$ -	$ -	$ -	$ 4,052,477	$ 2,343,182
Bank overdraft	-	-	-	(164,987)	(138,201)	(367,424)	(670,612)	(294,125)
Term deposits	9,936,678	267,143	-	-	-	-	10,203,821	7,002,946
Total cash and cash equivalents	$13,920,618	$331,969	$3,711	$(164,987)	$(138,201)	$ (367,424)	$13,585,686	$ 9,052,003

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. **Summary of significant accounting policies:**

(a) Production Insurance (PI)

The Production Insurance program is treated as a separate fund and is intended to be self sustaining. The assets, liabilities and fund balances are segregated.

The agreement negotiated between the federal and provincial governments covers the cost sharing arrangements for insurance premiums and administrative expenses. Insurance revenues include government contributions to insurance premiums as described in Schedule 1. Administration expenses are cost shared 60-40 by federal and provincial governments respectively.

(b) Bacterial Ring Rot Program (BRRP)

This program was established in 1995-96 to provide protection against bacterial ring rot infection. The premium is cost shared 33.3% by the province and 66.7% by the producer.

(c) Agricultural Disaster Insurance Program (ADIP) and Agricultural Income Disaster Assistance (AIDA)

ADIP and AIDA were agricultural safety net programs available to farmers for 1995-1998 and 1998-1999 tax years. As there are no further payments being made under these programs, program accounts have been combined in the financial statements.

(d) Canadian Farm Income Program (CFIP)

The purpose of this program is to provide income support to Canadian producers when, for reasons beyond their control, there is an extreme reduction in their farm income. The program is available for the 2000, 2001 and 2002 taxation years. The federal government contributes 60% and the province 40% towards eligible claim payments and administration.

(e) PEI Negative Margin Coverage Program (NMCP)

This is a federal-provincial companion program designed to supplement the Canadian Farm Income Program. Eligible claim payments are cost-shared 60% by the federal government and 40% by the province.

(f) Seed Incentives (ESPQIP)

The provincial government provided a subsidy on elite seed producer crop insurance premiums reducing the premium amount to be paid by producers to 27%. Incentive payments of $81,976 (2005-$43,563) are recorded as other payments and are offset by provincial grants in the Production Insurance program.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2006

(g) Environmental Farm Plan

The provincial government provided a subsidy to insured producers of 2% (2005-3%) of the total crop insurance premium if the environmental farm plan criteria were met. Incentive payments of $153,277(2005-$217,678) are recorded as other payments and are offset by provincial grants in the Production Insurance program.

(h) Nutrient Management Balance Sheet

The provincial government provided a subsidy to insured producers of 1% of the total crop insurance premium if the nutrient management balance sheet program criteria were met. Incentive payments of $25,723 are recorded as other payments and are offset by provincial grants in the Production Insurance program.

(I) Canadian Agriculture Income Stabilization (CAIS)

Beginning with the 2003 taxation year, CAIS is designed to provide Canadian agricultural producers with an ongoing whole farm risk management tool that provides protection against both small and large decreases in income. The federal government will contribute 60% and the province 40% towards eligible claim payments and administration. The federal and provincial sharing of administration expenses is based on total administration expenses less the producers contribution to administrative expenses.

(j) Indemnity Expense

Indemnity expense includes claims processed, accrual estimates of claims received but not processed and any adjustments to prior years' claims based on additional information received.

(k) Surplus or Deficit/Net Income or Loss

Government policy has been to allow the insurance funds to retain surpluses or recover deficits.

(l) Management Estimates

The presentation of financial statements in conformity with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those reported.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2006

2. Related Party Transactions

In the current year, eighteen board members and six agents entered into crop insurance contracts under the Production Insurance program with premiums of $243,634 collected and indemnities of $249,827 paid. Fifteen board members and three agents were involved in the Environmental Farm Program receiving program benefits of $14,967. Eight board members and one agent were involved in the Nutrient Management Balance Sheet Program receiving program benefits of $4,664. Thirteen board members and three agents were eligible for Canadian Agricultural Income Stabilization program payments of $1,822,862. Four board members have accounts receivable of $40,998 and accounts payable of $902,627 at year end. These transactions were made on terms similar to those with unrelated parties and were in accordance with requirements of the program.

3. Term Deposits

Term deposits are short term investments maturing within one year valued at cost plus accrued interest at 2.50% to 3.95%. The carrying amount of term deposits approximates their market value.

4. Contingent Liability

As of July 31, 2006 the PEI Agricultural Insurance Corporation received 21 written notices of appeal on behalf of the PEI CAIS Appeals Subcommittee. These have not yet been heard. As a result, the amount of the claims, if any, is not yet determinable.

5. Fair Value of Financial Instruments

The fair value of the Corporation's cash, accounts receivable, accounts payable and indemnities payable approximates their carrying amounts.

6. Reinsurance

The Prince Edward Island Agricultural Insurance Corporation purchases reinsurance to protect against significant losses in the Production Insurance Program. For 2006 reinsurance coverage provided protection against 100% of losses between 200% and 350% of gross net earned premium income (2005-97.5% of losses between 225% and 300%). The reinsurer was not required to cover any losses in fiscal years 2005 and 2006.

The Reinsurance Agreement defines the term "Gross Net Earned Premium Income" to mean the gross original written premiums for the business covered under the Agreement, less returns premiums for cancellations and less premiums paid for reinsurance, recoveries under which would insure to the benefit of the Reinsurers.

7. Comparative Figures

The presentation for the 2005 fiscal year has been restated to conform with the financial statement presentation adopted for the current year.

SCHEDULE 1

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

SCHEDULE OF PRODUCTION INSURANCE FUND SURPLUS OR DEFICIT

FOR THE YEAR ENDED MARCH 31, 2006

	Surplus (Deficit) Start of Year	2006 Changes Premiums	2006 Changes Indemnities	Surplus (Deficit) End of Year
CROP				
Potatoes	$4,406,728	$6,748,938	$(1,866,130)	$ 9,289,536
Tobacco	1,454,349	14,132	(18,192)	1,450,289
Grain	2,306,421	684,515	(400,503)	2,590,433
Cole crops	(187,281)	208,759	(50,485)	(29,007)
Rutabagas	(220,538)	66,474	(145,437)	(299,501)
Processed peas	61,200	-	-	61,200
Winter wheat	(142,304)	26,813	(22,879)	(138,370)
Soybean	16,610	84,671	(79,859)	21,422
Dry bean	(74,046)	4,543	-	(69,503)
Grain corn	84,804	36,029	(9,561)	111,272
Canola hybrid seed	21,519	15,911	-	37,430
Forage	(1,990,831)	1,056,519	(743,061)	(1,677,373)
ByPass	31,084	54,582	(36,860)	48,806
Other	(257,099)	140,805	(87,272)	(203,566)
Total	5,510,616	9,142,691	(3,460,239)	11,193,068
UNALLOCATED SURPLUS (DEFICIT)	3,311,438	(1,058,392)*	-	2,253,046
	$8,822,054	$8,084,299	$(3,460,239)	$13,446,114

*The change consists of:	
Premium discount	$ (62,120)
Net interest revenue	327,340
Bad debt expense (recovery)	13,028
Reinsurance premium	(1,336,640)
	$(1,058,392)

INSURANCE PREMIUMS - See Note 1(a)

For the fiscal year ending March 31, 2006 the following premium contribution rates were applied.

	Producer	Federal	Provincial
Comprehensive	36%	37%	27%
High (blended)	36.79%	33.65%	29.56%
High-Cost	40%	20%	40%

SCHEDULE 2

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31, 2006

	PI	CAIS	Total 2006	Total 2005
ADMINISTRATIVE EXPENSES				
Personnel costs	$762,563	$ 842,484	$1,605,047	$1,304,468
Transportation and communication	146,752	33,090	179,842	192,478
Information costs	3,904	10,324	14,228	20,214
Professional services	30,557	48,307	78,864	89,743
Accommodations and equipment rental	29,553	31,149	60,702	38,969
Repairs and maintenance	34	-	34	2,092
Supplies	7,492	8,752	16,244	5,828
Interest, penalties and bad debt	-	38,381	38,381	-
Capital purchases	8,913	4,970	13,883	19,952
Federal administration fees	-	71,683	71,683	22,108
	$989,768	$1,089,140	$2,078,908	$1,695,852

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To the Board of Directors of the
PEI Agricultural Research Investment Fund Inc.

I have audited the balance sheet of the PEI Agricultural Research Investment Fund Inc. as at March 31, 2006 and the statements of revenues, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 10, 2006

STATEMENT 1

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

BALANCE SHEET

AS AT MARCH 31, 2006

	2006	2005
ASSETS		
Cash	$541,418	$ 460,533
Short-term investments - Note 2	277,308	857,386
Accounts receivable - General	888	549
	$819,614	$1,318,468
LIABILITY AND SHAREHOLDER'S EQUITY		
Accrued liability	$ 86,081	$ 131,435
Share capital - Note 4	100	100
Surplus - Statement 2	733,433	1,186,933
	733,533	1,187,033
	$819,614	$1,318,468

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

STATEMENT 2

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

STATEMENT OF REVENUES, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
Revenues		
Provincial grant	$ 67,000	$ 133,000
Interest revenue	27,176	26,908
	94,176	159,908
Expenditures		
Administration	600	3,835
Research projects	147,076	184,740
	147,676	188,575
Excess expenditures for the year	(53,500)	(28,667)
Surplus, beginning of year	1,186,933	1,215,600
Transfer to Province of PEI - Note 6	(400,000)	-
Surplus, end of year	$ 733,433	$1,186,933

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Province of PEI	$ 67,000	$133,000
Receipts from short-term investments	600,000	-
Payments to Province of PEI	(400,000)	-
Payments to projects	(192,430)	(225,964)
Payments for administration expenses	(607)	(3,694)
Interest received	6,922	6,920
NET INCREASE (DECREASE) IN CASH	80,885	(89,738)
CASH		
Balance, beginning of year	460,533	550,271
Balance, end of year	$ 541,418	$460,533

(The accompanying notes are an integral part of these financial statements.)

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. Operations

The PEI Agricultural Research Investment Fund Inc. was incorporated on March 31, 1995 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for agricultural research in the Province.

2. Short-Term Investments

Short-term investments are interest bearing investments that are carried at cost plus accrued interest. Since these investments are held for a short period of time, their market value approximates their carrying value.

3. Commitments

In addition to the accrued liability, the corporation has approved three research projects providing for future commitments of $112,950.

4. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2006 there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Agriculture, Fisheries, and Aquaculture, is the sole shareholder.

5. Provincial Administrative Expenses

Costs incurred by the Department of Agriculture, Fisheries and Aquaculture on behalf of the PEI Agricultural Research Investment Fund Inc. in administering this fund are not reflected in the financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

6. Program Status

During 2004-05 a decision was made by the Department of Agriculture, Fisheries and Aquaculture to terminate the ARIF program. As a result, ARIF will no longer be funding new research proposals. The program will be terminated following completion of all previously approved projects and any surplus funds will be returned to the shareholder. ARIF has transferred $400,000 in surplus funds to the Department as at March 31, 2006.

7. Fair Value of Financial Assets and Liability

The fair value of the entity's cash, short term investments, accounts receivable and the accrued liability approximate their carrying values.

PEI AQUACULTURE AND FISHERIES

RESEARCH INITIATIVE INC.

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To the Board of Directors of the
PEI Aquaculture and Fisheries Research Initiative Inc.

I have audited the balance sheet of the PEI Aquaculture and Fisheries Research Initiative Inc. as at March 31, 2006 and the statements of revenues, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 4, 2006

STATEMENT 1

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

BALANCE SHEET

AS AT MARCH 31, 2006

	2006	2005
ASSETS		
Cash	$218,378	$196,813
Short term investments - Note 2	436,446	548,460
Accounts receivable - Province of PEI	75,000	100,000
Prepaid expenses	-	5,625
	$729,824	$850,898
LIABILITY AND SHAREHOLDER'S EQUITY		
Accrued liability	$ 59,168	$201,877
Shareholder's equity		
Share capital - Note 3	100	100
Surplus - Statement 2	670,556	648,921
	670,656	649,021
	$729,824	$850,898

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: ____________________

DIRECTOR: ____________________

STATEMENT 2

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF REVENUES, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
Revenues		
Provincial grant	$ 75,000	$100,000
Interest revenue	19,651	18,575
	94,651	118,575
Expenditures		
Administration	7,143	7,335
Research projects	65,873	233,928
	73,016	241,263
Net gain (loss) for the year	21,635	(122,688)
Surplus, beginning of year	648,921	771,609
Surplus, end of year	$670,556	$648,921

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Province	$100,000	$ -
Receipts from investment transactions - net	126,631	222,500
Payments to projects	(208,581)	(155,192)
Payments for administration costs	(1,518)	(13,012)
Interest received	5,033	1,717
NET INCREASE IN CASH	21,565	56,013
CASH		
Balance, beginning of year	196,813	140,800
Balance, end of year	$218,378	$196,813

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. Operations

The PEI Aquaculture and Fisheries Research Initiative Inc. was incorporated on March 27, 1996 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for aquaculture, commercial fisheries and processing research in the Province.

2. Short Term Investments

Short term investments are interest bearing investments that are carried at cost plus accrued interest. Since these investments are held for a short period of time, their market value approximates their carrying value.

3. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2006, there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Agriculture, Fisheries and Aquaculture, is the sole shareholder.

4. Provincial Administrative Expenses

Costs incurred by the Department of Agriculture, Fisheries and Aquaculture on behalf of the PEI Aquaculture and Fisheries Research Initiative Inc. in administering this fund are not reflected in these financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

5. Fair Value of Financial Assets and Liability

The fair value of the entity's cash, short term investments, accounts receivable and the accrued liability approximate their carrying values.

Prince Edward Island Business Development Inc.

Consolidated Financial Statements

March 31, 2006

AC ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS
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May 18, 2006

Auditors' Report

To the Minister of Development and Technology

We have audited the consolidated balance sheet of **Prince Edward Island Business Development Inc.** as at March 31, 2006 and the consolidated statements of revenues and expenditures, retained earnings and cash flows for the year then ended. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using differential reporting options available to non-publicly accountable enterprises, as described in note 2 to the financial statements. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Prince Edward Island Business Development Inc.

Consolidated Balance Sheet

As at March 31, 2006

	2006 $	2005 $
Assets		
Current assets		
Cash and short-term investments (note 3)	3,048,271	3,741,565
Accounts receivable (notes 4 and 20)	2,167,008	2,510,966
Accrued interest receivable	125,000	98,610
Grant receivable - ACOA	591,153	446,131
Inventory	57,098	55,695
Prepaid expenses	28,788	25,157
Current portion of loans receivable	8,295,050	3,434,447
Current portion of net investment in leases	7,290	7,290
	14,319,658	10,319,861
Due from the Province of Prince Edward Island (note 5)	8,944,843	5,535,038
Loans receivable, less current portion (note 6)	34,071,883	32,702,139
Investment in non-marketable securities (note 7)	2,754,009	2,936,622
Property holdings (note 8)	9,271,843	10,241,514
Property and equipment (notes 9 and 20)	28,860,769	30,207,874
Funds held in trust (notes 3, 10 and 20)	1,180,445	2,525,966
Net investment in lease, less current portion (note 11)	613,030	570,030
	100,016,480	95,039,044
Liabilities		
Current liabilities		
Bank advances	332,668	-
Accounts payable and accrued liabilities (note 20)	16,358,139	11,721,353
Provision for payment of guarantees (note 17)	1,290,550	1,397,467
Deferred revenue	44,192	55,611
Deferred contributions	162,000	236,634
Progress billings in excess of work-in-progress	228,669	343,929
Short-term notes payable (note 12)	12,550,603	14,623,648
Current portion of notes payable and long-term debt	4,841,085	2,907,577
Current portion of obligation under capital lease	300,000	150,000
	36,107,906	31,436,219
Funds held in trust (notes 10 and 20)	1,180,445	2,525,966
Notes payable and long-term debt, less current portion (note 13)	47,515,880	44,694,370
Obligation under capital lease, less current portion (note 14)	360,000	660,000
Deferred credits (notes 15 and 20)	13,087,244	13,945,893
Reserve for future expenditures (note 16)	160,523	163,613
	98,411,998	93,426,061
Contingent liabilities (note 17)		
Equity		
Retained earnings	44,187	52,688
Contributed surplus (note 20)	1,560,295	1,560,295
	1,604,482	1,612,983
	100,016,480	95,039,044

Approved by the Board of Directors

______________________ Director ______________________ Director

Prince Edward Island Business Development Inc.

Consolidated Statement of Retained Earnings

For the year ended March 31, 2006

	2006 $	2005 $
Retained earnings - Beginning of year	52,688	58,287
Excess expenditures for the year	(8,501)	(5,599)
Retained earnings - End of year	44,187	52,688

Prince Edward Island Business Development Inc.

Consolidated Statement of Revenues and Expenditures

For the year ended March 31, 2006

	2006 $	2005 $
Revenue (note 20)		
Grant - Province of Prince Edward Island	23,982,600	21,849,500
Investment operations	52,262	59,874
Interest on loans receivable	2,705,962	2,397,409
Guarantee fees	102,565	129,007
Interest from deposits	28,534	20,227
Property operations	3,630,303	3,628,678
Miscellaneous	-	21,405
Project revenues	1,242,775	1,002,749
Retail operations (Schedule)	144,685	159,293
	31,889,686	29,268,142
Expenditures (note 20)		
Operating	6,408,745	7,148,202
Property operations	4,430,487	4,450,672
Development programs	13,729,561	12,585,854
Allowance for credit losses and guarantee payments (note 5)	3,320,000	1,250,000
Investment operations	1,901,539	1,216,602
Project costs	609,263	338,685
Retail operations (Schedule)	103,846	109,348
Writedown of assets under capital lease	-	540,000
Amortization - property holdings, property and equipment and deferred costs	3,337,974	3,525,027
Amortization - deferred credits	(1,943,228)	(1,890,649)
	31,898,187	29,273,741
Excess expenditures for the year	(8,501)	(5,599)

Prince Edward Island Business Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2006

	2006 $	2005 $
Cash provided by (used in)		
Operating activities		
Excess expenditures for the year	(8,501)	(5,599)
Items not affecting cash		
Amortization - deferred credits	(1,943,228)	(1,890,649)
Amortization - property holdings and property and equipment	3,337,974	3,525,027
Amortization - net investment in lease	(43,000)	-
Discount to net present value of net investment in lease	-	430,000
Writedown of assets under capital lease	-	540,000
Increase in due from the Province of Prince Edward Island - allowance for possible losses	(3,320,000)	(1,075,000)
	(1,976,755)	1,523,779
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable - net	343,958	(599,536)
Decrease (increase) in accrued interest receivable	(26,390)	184,605
Decrease (increase) in grant receivable - ACOA	(145,022)	1,026,119
Increase in deposits on equipment	-	197,626
Decrease in deferred charges	-	3,582,473
Decrease in deferred contributionss	(74,634)	(7,563)
Increase in prepaid expenses	(3,631)	(22,998)
Decrease (increase) in inventory	(1,403)	81,151
Increase (decrease) in accounts payable and accrued liabilities	4,636,786	(8,563,156)
Decrease in provision for payment of guarantees	(106,917)	(100,000)
Increase (decrease) in deferred revenue	(11,419)	17,371
Decrease (increase) in progress billings in excess of work-in-progress	(115,260)	293,232
	2,519,313	(2,386,897)
Financing activities		
Decrease (increase) in due from Province of P.E.I. - current operations	(89,805)	141,463
Increase in deferred credits - net	1,084,579	636,458
Net change in funds held in trust	(1,345,521)	(483,293)
Increase (decrease) in short-term notes payable	(2,073,045)	879,732
Increase in notes payable and long-term debt (net)	4,755,018	13,313,685
Decrease in obligation under capital lease	(150,000)	(70,000)
Increase (decrease) in reserve for future expenditures	(3,090)	163,613
	2,178,136	14,581,658
Investing activities		
Purchase of property and equipment - net	(1,199,481)	(1,938,866)
Additions to and purhases of property holdings	-	(93,133)
Reductions of and proceeds on disposal of property holdings	178,284	404,300
Decrease in investment in non-marketable securities	182,612	268,881
Increase in loans receivable (net)	(6,230,347)	(8,773,962)
	(7,068,932)	(10,132,780)
Increase (decrease) in net cash and short-term investments and funds held in trust	(2,371,483)	2,061,981
Net cash and short-term investments and funds held in trust - Beginning of year	6,267,531	4,205,550
Net cash and short-term investments and funds held in trust - End of year	3,896,048	6,267,531
Net cash and short-term investments and funds held in trust consists of:		
Cash and short-term investments	3,048,271	3,741,565
Funds held in trust	1,180,445	2,525,966
Bank advances	(332,668)	-
	3,896,048	6,267,531
Supplementary disclosure		
Interest and dividends received	2,744,920	2,660,094
Interest paid	3,254,958	2,772,781

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

1 Status of the corporation

Prince Edward Island Business Development Inc. is a Crown corporation incorporated under the Prince Edward Island Business Development Inc. Act (formerly Enterprise P.E.I. Act). Its financial results are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) General

These consolidated financial statements include the accounts of the wholly-owned subsidiaries, F.T.C. Enterprises Limited, Environmental Industrial Services Inc., Corporate Services Ltd., Gateway Village Development Inc., Atlantic Technology Centre Inc., Technology Prince Edward Island Inc. and 100417 P.E.I. Inc. all having March 31, 2006 year ends.

b) Differential reporting options

The company, with the unanimous consent of its shareholder, the Province of Prince Edward Island, has elected to prepare its financial statements in accordance with Canadian generally accepted accounting principles using the differential reporting options available to non-publicly accountable enterprises described below:

Investment subject to significant influence

The company has elected to use the cost method to account for its investment in Slemon Park Corporation. Slemon Park Corporation is subject to significant influence and would otherwise be accounted for using the equity method accounting. Details of the investment is as follows:

	2006 $	2005 $
56,000 common shares of Slemon Park Corporation	1	1

The investment is included in investment in non-marketable securities as disclosed in note 7.

In addition, the company has applied the following significant accounting policies without reference to differential reporting.

c) Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out basis, and market, which is defined as net realizable value.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

d) **Due from the Province of Prince Edward Island**

i) Current operations

Operating grant – Province of Prince Edward Island is the balance due (to) from the Province for grants received that are less than (in excess of) expenditures incurred in the current year.

ii) Allowance for possible credit losses

The annual funded allowance for possible credit losses (expense or recovery) is recorded as an amount "Due from the Province of Prince Edward Island – Allowance for Possible Credit Losses". The "Due from the Province of Prince Edward Island – Allowance for Possible Credit Losses" is reduced when a write-off is recognized by both Prince Edward Island Business Development Inc. and the Province, with notes payable reduced correspondingly. The allowance for possible losses is also reduced by any payment received from the Province on the allowance for possible losses for guarantees. During the year, Prince Edward Island Business Development Inc. recorded an approved allowance and corresponding expense of $3,320,000 (2005 - $1,250,000).

e) **Loans receivable**

Working capital demand loans and craft loans are recorded at cost less an allowance for possible losses. These loans are due on demand and bear interest at rates ranging from 5.5% to 12% and are repayable within the next fiscal year.

Long-term loans are recorded at cost less an allowance for possible losses. These loans are issued at long-term interest rates and are repayable over various terms to a maximum of 15 years with interest rates ranging from 5.5% to 10%.

An impaired loan is a loan where in management's opinion there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

f) **Allowance for possible losses**

An allowance for possible losses is maintained which is considered adequate to absorb all credit and investment related losses and off-balance sheet items including guarantees. The allowance is deducted from the applicable asset on the balance sheet, except for guarantees. The allowance for guarantees is included in accounts payable for Entrepreneurial Loan Program guarantees and as a provision for payment of loan guarantees on the balance sheet for the remaining guarantees allowance.

The allowance consists of specific and general provisions.

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions total $5,591,512 (2005 - $2,603,395). The accumulated allowances for losses on specific off-balance sheet items total $1,458,634 (2005 - $1,565,551). Of this total, $168,084 (2005 - $168,084) is included in accounts payable and accrued liabilities, and $1,290,550 (2005 - $1,397,467) is recorded as provision for payment of guarantees.

The company does not accrue interest on a loan receivable once a specific provision has been recorded against the loan.

The corporation reviews its loans portfolio, investments and advances, leased property and property holdings and guarantees on an ongoing basis to assess whether an allowance or write-off is required.

A variety of methods are used to determine the amount expected to be recovered from investments in and advances to private companies and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision of $1,354,139 (2005 - $1,557,625) includes accumulated allowances for losses which are prudential in nature and cannot be specifically identified. The general provision is based on past performance of similar assets, the level of the specific provision, management's judgement, the economic climate and the maturity and financial strength of the investee.

g) **Investment in non-marketable securities**

Investment in and advances to private companies, except for three preferred share investments, not considered to be concessionary are recorded at one-half of cost. An expense of 50% is charged to development programs. The cost is reduced by any applicable allowance for possible losses. Any recovery exceeding the balance in share investment is taken into revenue when received.

The three investments in preferred shares of private companies that are not being carried at one-half of their cost are being carried at the lower of cost and estimated realizable value.

Investments under the Venture Capital Equity Program are recorded at cost less an allowance for possible losses.

Advances – Venture Capital Debt Program are recorded at cost, less an allowance for possible losses.

Equity investments are reviewed annually for potential declines in value and are written down or an allowance is recorded if a decline in value is considered evident. Write downs are included in development programs expense.

It is not practical within constraints of timeliness and cost to determine the fair value of the investment in private companies as these investments are in closely held private companies that have no organized financial market. The estimated realizable value of these investments and advances is based on expected future cash flows.

h) **Property holdings, property and equipment and amortization**

i) Property holdings

Property holdings are reported at the lower of cost, net of government grants, and estimated realizable value.

Office furniture and equipment and computer equipment are fully expensed in the year of acquisition, except for F.T.C. Enterprises Limited and Atlantic Technology Centre Inc. which record these items as a capital asset at cost less accumulated amortization. The amount expensed during the year ended March 31, 2006 was $35,931 (2005 – $59,695). Land improvements and buildings in Prince Edward Island Business Development Inc. are amortized using the straight-line method at the rates of 10% and 4% respectively. Land improvements and equipment included in industrial sites are amortized using the straight-line method at the annual rates of 8% and 20% respectively. Buildings held for resale and industrial malls are amortized using the straight-line method at the annual rates of 7% and 4%. Proceeds on the sale of industrial sites are recorded as a reduction in the carrying value of the asset. The test cells are amortized using the straight-line method at the annual rate of 5%. Signage is amortized using the straight-line method at the annual rate of 20%.

ii) Amortization

Property and equipment are amortized using the straight-line method at annual rates ranging from 5% to 100% as indicated in note 9.

A full year's amortization is recorded in the year of acquisition.

iii) Estimated realizable value

Estimated realizable value for industrial sites is the expected proceeds on resale and for industrial malls it is the property tax assessed value.

Estimated realizable value for land, buildings and equipment held for resale under lease purchase options is its property tax assessed value.

Estimated realizable value for the test cell is the net cost to construct the asset supported by a payment under a long-term lease agreement.

The reduction from cost to estimated realizable value is recorded as a provision for possible losses.

i) **Net investment in lease**

The company's subsidiaries accumulate costs of constructing assets, that are to be classified as capital leases, as assets under capital lease, and the related grants are considered deferred credits until the lease term begins. When the lease term begins, the assets under capital lease and deferred credits will be removed from the balance sheet and a net investment in leases recorded. The net investment in leases represents the net present value of the minimum lease payments receivable over the term of the lease plus the purchase option.

j) **Programs assistance payable**

Provincially funded non-cost shared program assistance is expensed and included in accrued liabilities when approved and accepted. Federal-Provincial cost shared programs are expensed when the funds are disbursed. Infrastructure assistance requiring future performance criteria is expensed when the funds are disbursed. Certain infrastructure assistance approved and not disbursed at year end is recorded as deferred charges.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

The P.E.I. Food Products Development Fund is a provincially-funded research assistance program administered by F.T.C. Enterprises Limited. Grants under the program are included in income and a corresponding expense and accrued liability is recorded when the grant is received. The accrued liability is reduced when contributions are made to projects. There is $531,701 (2005 - $442,430) in unexpended assistance included in accrued liabilities at year-end. The company has committed funds to qualifying projects in the amount of $138,858 for the 2007 fiscal year.

k) **Federal programs and grants**

Federal programs

Prince Edward Island Business Development Inc. administers programs on behalf of the Federal Government. Any difference between federal funding received and program expenditures is recorded as an accounts receivable or accounts payable. During the year, Prince Edward Island Business Development Inc. disbursed $354,733 (2005 - $433,105) under the programs. Included in accounts receivable is $17,844 (2005 - $52,258) due from the federal government relating to the 2006 programs.

Included in the development program expenditures is $73,757 (2005 - $277,776) in costs related to salary costs of Prince Edward Island Business Development Inc. employees who deliver and administer these programs. This cost recovery has been recorded as a reduction in Prince Edward Island Business Development Inc.'s operating expenditures.

l) **Post retirement benefits**

The company provides retirement benefits to certain employees provided that they have at least 10 years of continuous service, reached a minimum age of 55 years, and contributed to the Superannuation Fund for at least 5 years. The benefit is based on one week's pay per year of service to a maximum of 26 weeks.

The accrual for post retirement benefits at March 31, 2006 is $141,125 (2005 - $145,472).

m) **Pension liability**

Most of the Corporation's staff are members of the Province of Prince Edward Island pension plan. Pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation at March 31, 2006.

n) **Deferred credits**

Prince Edward Island Business Development Inc. and its subsidiaries have adopted the policy that contributions received towards the acquisition of property and equipment will be recorded as deferred credits and amortized to earnings on the same basis as the related property and equipment are amortized.

o) **Revenue recognition**

Prince Edward Island Business Development Inc. subsidiaries follow the percentage-of-completion method of accounting for revenue and expenditures on project contracts. The percentage-of-completion method records the organization's revenue based on the expenditures incurred and work completed on each contract in progress as at the balance sheet date. Unearned revenue is recorded as deferred revenue.

Work in progress in excess of progress billings is recorded at year end to appropriately recognize revenue under the percentage-of-completion basis of accounting when work in progress is in excess of actual billings generated. When progress billings are in excess of the related work in progress at year end the excess is recorded as progress billings in excess of work in progress.

In Atlantic Technology Centre Inc., long-term rental and common area revenue are recognized on a monthly basis in accordance with lesae agreements. Short-term rentals are recognized when the space has been provided to customers.

Revenue from product royalties is recorded as received.

p) Film and new media investments

Investments made under the film and new media equity investments program are recorded as an expense under program expenditures when approved and accepted by the client. Revenue received as a recovery of those investments based on a percentage of income or under royalty agreements is recorded as revenue in the period received.

q) Interest expense

Interest paid by Prince Edward Island Business Development Inc. and its subsidiaries are included in the expenditure category to which it relates. Included in expenses is interest expense for 2006 as follows:

	2006 $	2005 $
Interest on short-term borrowings	431,823	336,011
Interest on long-term debt	2,848,344	2,334,678
	3,280,167	2,670,689

r) Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

s) Estimated realizable value of financial instruments

Estimated realizable value (fair value) is subjective in nature requiring a variety of valuation techniques and assumptions. Some of the company's financial instruments, specifically notes receivable, investment in subsidiaries and net investment in leases, are not exchangeable and it is difficult, and often not practical, to determine their estimated realizable value. Where it is possible to estimate realizable value, the company assumes that it will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the estimated realizable value of the company's financial instruments. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

3 Market value of investments

Cash and short-term investments and funds held in trust of $4,228,716 (2005 - $6,267,531) consist of portfolio investments and cash having a quoted market value of $4,229,559 (2005 - $6,274,176). The majority of marketable securities have a fixed value and it is expected that most securities will be held until they mature.

4 Accounts receivable and inventory

The accounts receivable have been reduced by an allowance for possible losses of $169,314 (2005 - $29,742).

5 Due from the Province of Prince Edward Island

	2006 $	2005 $
Current operations		
Operating grant - Province of Prince Edward Island	876,726	280,600
Allowance for possible losses		
Balance - beginning of year	5,254,438	4,179,438
Current year recovery	210,000	-
Current year's approved allowance for possible losses expense	3,320,000	1,250,000
Current year write-offs	(602,795)	-
Payment on provision for possible losses	(113,526)	(175,000)
	8,068,117	5,254,438
Balance - End of year	8,944,843	5,535,038

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2006

6 Loans receivable

					2006	2005
	Total $	Impaired loans included in total $	Allowance for possible losses General $	Allowance for possible losses Specific $	Net $	Net $
Working capital and craft loans	9,742,968	6,340,333	18,700	4,221,397	5,502,871	1,848,626
Long-term loans						
Shipbuilding/shipping	21,599,998	-	550,000	-	21,049,998	16,548,043
Manufacturing and processing	14,991,394	762,580	617,355	420,000	13,954,039	15,911,722
Tourism	112,894	40,000	-	25,000	87,894	20,000
Small business	2,012,470	1,709,400	-	425,000	1,587,470	1,661,175
Other	180,911	-	-	-	180,911	133,520
Technology	3,750	-	-	-	3,750	13,500
	38,901,417	2,511,980	1,167,355	870,000	36,864,062	34,287,960
Total Loans Receivable	48,644,385	8,852,313	1,186,055	5,091,397	42,366,933	36,136,586
Less: loans due within the next fiscal year	13,143,097	7,979,225	104,805	4,743,242	8,295,050	3,434,447
	35,501,288	873,088	1,081,250	348,155	34,071,883	32,702,139

Included in working capital loans is a demand note receivable of nil (2005 - $5,500,000) due from Prince Edward Island Economic Development Fund (No. IV) Inc., a subsidiary of a provincial Crown corporation.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2006

7 Investment in non-marketable securities

	2006 $	2005 $
Investment in private companies		
Small Business and Venture Capital Equity Program investments	642,577	495,189
Less: Allowance for possible losses	405,000	255,000
	237,577	240,189
56,000 common shares of Slemon Park Corporation at cost	1	1
Investment in preferred shares of private corporations	2,484,812	2,664,813
Net royalties receivable from private corporation	31,619	31,619
	2,754,009	2,936,622
Advances - Venture Capital Debt Program		
Advances to private companies - bearing interest at variable rates, repayable based on performance	95,115	268,775
Less: Allowance for possible losses	95,115	268,775
	-	-
	2,754,009	2,936,622

Of the preferred shares in private corporations, $50,000 are to be redeemed by the issuer at the rate of $10,000 per year, with the first redemption to occur in the 2008 year.

The net royalties receivable are due to F.T.C. Enterprises Limited and are non-interest bearing and are to be recoverable in the amount of 1.25% of gross income received by the purchaser for the direct sales of the products sold or 12.5% of net licensing fees received by the purchaser for licensing agreements, with one-half of these royalties being payable to the original patent holders by F.T.C. Enterprises Limited under an assignment. During the year, F.T.C. Enterprises Limited received net royalties of nil (2005 - nil).

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

8 Property holdings

			2006	2005
	Cost $	Accumulated amortization $	Net $	Net $
Land	981,500	-	981,500	981,500
Land improvements	44,765	22,382	22,383	26,859
Buildings	1,611,451	322,304	1,289,147	1,353,611
Land, buildings and equipment held for resale or under lease purchase options	2,464,860	1,141,503	1,323,357	1,461,353
Industrial sites	10,794,649	9,253,210	1,541,439	2,044,509
Industrial malls	2,806,046	2,806,046	-	-
Test cell	4,937,000	837,451	4,099,549	4,346,401
Signage	64,066	49,598	14,468	27,281
	23,704,337	14,432,494	9,271,843	10,241,514

Included in land, buildings and equipment held for resale or under lease purchase options is land of $862,802 (2005 - $901,086).

Included in industrial sites is land of $263,360 (2005 - $314,910)

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

9 Property and equipment

				2006	2005
	Amortization rate %	Cost $	Accumulated amortization $	Net $	Net $
F.T.C. Enterprises Limited					
Buildings	5 - 25 SL	2,544,514	2,077,639	466,875	594,101
AIF Building		1,497,297	747,212	750,085	1,116,508
Pilot plant and laboratory equipment	10 - 25 SL	3,159,638	2,075,638	1,084,000	649,694
Computer and audio visual equipment	33 1/3 SL	492,812	482,946	9,866	26,824
Office furniture and equipment	20 SL	171,779	171,374	405	2,690
AIF equipment	25 SL	1,753,760	795,742	958,018	940,260
		9,619,800	6,350,551	3,269,249	3,330,077
Gateway Village Development Inc.					
Land		1	-	1	1
Building - Phase I	5 SL	3,095,313	1,367,097	1,728,216	1,882,982
- Phase II	5 SL	1,656,309	662,523	993,786	1,076,601
Land improvements					
- Phase I	10 SL	816,743	721,457	95,286	176,960
- Phase II	10 SL	357,244	285,183	72,061	107,786
Interpretative Centre	20 SL	1,078,080	1,078,080	-	-
Retail fixtures - Phase I	20 SL	77,466	77,466	-	-
Phase II	20 SL	95,970	95,970	-	-
Signage	20 SL	12,798	12,798	-	-
		7,189,924	4,300,574	2,889,350	3,244,330
Environmental Industrial Services Inc.					
Bloomfield Mall					
Land improvements	10 SL	142,328	49,815	92,513	106,746
Building	4 SL	1,823,975	255,357	1,568,618	1,641,577
Waste treatment facility	3.33 SL	293,493	32,106	261,387	271,170
Truck	33 1/3 SL	25,350	16,887	8,463	17,941
		2,285,146	354,165	1,930,981	2,037,434
Property for development - Land		929,085	-	929,085	929,085
Soft costs		86,307	-	86,307	86,307
		3,300,538	354,165	2,946,373	3,052,826
Atlantic Technology Centre Inc.					
Property and equipment					
Land		2,391,916	-	2,391,916	2,391,916
Land improvements	10 SL	67,000	23,443	43,557	50,254
Building	2.5 SL	18,872,238	1,646,418	17,225,820	17,697,624
Furniture and fixtures	20 SL	313,273	218,769	94,504	157,161
Computer hardware	33 1/3 SL	1,474,155	1,474,155	-	283,686
Computer software	100 SL	61,600	61,600	-	-
		23,180,182	3,424,385	19,755,797	20,580,641
		43,290,444	14,429,675	28,860,769	30,207,874

SL = Straight line

10 Funds held in trust

Under the terms of an agreement between Corporate Services Ltd., Prince Edward Island Government Economic Development Fund (No. IV) Inc., (Island Fund IV), and Prince Edward Island Government Economic Development Fund (No. V) Inc., (Island Fund V), Corporate Services Ltd. is to act as the Escrow Agent for investors of a $30,000,000 venture capital fund offering for each of the funds.

Corporate Services Ltd. receives the subscription forms from potential investors and holds the funds in trust until the commencement date. The commencement date is to be established within 100 days of receipt of twelve subscriptions. On the commencement date, the Escrow Agent shall:

- Advance to Island Fund IV or Island Fund V

- 70% of subscription proceeds to be reinvested; and
- 10% of subscription proceeds to be used to cover offering and operating costs;

Interest earned on the account while the funds are in escrow is the property of the specific fund.

- Establish a repayment account to retain on deposit the remaining 20% of the subscription proceeds to be invested in liquid, low-risk investment account, for the purpose of refunding rejected investors. Interest earned on the repayment account accrue to the benefit of the specific project, Island Investment Development Inc., or Island Fund IV or V as applicable, and not Corporate Services Ltd.

Funds held in trust consist of the following

	2006 $	2005 $
Funds held in trust - principal	30,294	29,521
Repayment accounts	1,150,151	2,496,445
	1,180,445	2,525,966

11 Net investment in leases

The net investment in leases represents the minimum lease payments receivable over the term of the lease plus purchase options receivable recorded at net present value. The net investment in leases consists of the following:

Environmental Industrial Services Inc.

Environmental Industrial Services Inc. has entered into agreements to lease three properties on terms that require these leases to be accounted for as capital leases. In accounting for the capital leases, the property and equipment and related deferred credits have been removed and the lease payments receivable recorded as net investment in leases. The net investment in leases consists of the following:

- McCain Foods Limited – 10-year lease expiring December 2010, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $20.
- Cavendish Farms – 8-year lease expiring December 2011, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $10.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

Both leases are renewable for an additional 10 years at the expiration of the original lease term at the option of the lessee.

- Small Fry Snack Foods Inc. – 9-year lease term expiring December 2005, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $7,260.

	2006 $	2005 $
Total minimum lease payments	7,290	7,290
Less: current portion	(7,290)	(7,290)
	-	-

Prince Edward Island Business Development Inc.

The net investment in lease represents the purchase option receivable from the lessee, due July 1, 2015.

The net investment in lease is recorded at the net present value of the total lease payments using a discount rate of 5.5%, calculated as follows:

	2006 $	2005 $
Total of lease payments to be received to July 1, 2015	1,000,030	1,000,030
Less: Discount to net present value at 5.5%	(387,000)	(430,000)
Net present value of net investment in lease	613,030	570,030

12 Short-term notes payable

	2006 $	2005 $
Demand note payable to Prince Edward Island Century 2000 Fund Inc.	12,550,603	-
Promissory notes payable to the Province of Prince Edward Island, repaid during the year	-	14,623,648
	12,550,603	14,623,648

During the year, the company entered into an agreement with Prince Edward Island Century 2000 Fund Inc., a subsidiary of a provincial Crown corporation, to obtain a $15,000,000 revolving line of credit. The balance of the line of credit at March 31, 2006 is $12,550,603 (2005 - nil). Interest is charged monthly at a rate equal to the Department of Provincial Treasury of Prince Edward Island's short-term lending rate and the total amount is repayable on demand.

The demand note is secured by a promissory note for $15,000,000 and a revolving credit agreement.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2006

13 Notes payable and long-term debt

	2006 $	2005 $
6.60% note payable, repayable $893,465 annually including principal and interest, maturing March 31, 2012	3,779,557	4,883,027
4.00% promissory note payable, due March 1, 2015 with interest to be paid quarterly and principal due at maturity	6,600,000	-
5.33% note payable, interest payments only commencing November 1, 2004 and payable until February 2010, principal payments commence February 1, 2010 with one payment of $85,714 followed by 55 monthly principal payments of $257,143, three monthly principal payments of $171,429 and three monthly principal payments of $85,714 plus interest, maturing March 1, 2015	15,000,000	15,000,000
4.00% promissory note, due December 31, 2008 with interest to be paid quarterly and principal payments due each November 30 and December 31 starting in 2005 of $1,000,000 and $250,000 respectively, and the balance due at maturity	13,750,000	7,186,000
4.00% promissory note, due April 1, 2008, repayable in annual principal instalments of $288,375 commencing April 1, 2005	576,750	865,125
6.62% Bank of Nova Scotia mortgage, repayable $40,333 monthly plus interest, maturing August 30, 2017	10,365,667	10,849,667
5.65% Bank of Nova Scotia loan, repayable $18,106 monthly including principal and interest, maturing March 20, 2007	2,284,991	2,370,522
ACOA non-interest bearing loan, repaid during the year	-	180,000
5.84% note payable, repaid during the year	-	478,606
4.40% note payable, repaid during the year	-	5,789,000
	52,356,965	47,601,947
Less: Current portion	4,841,085	2,907,577
	47,515,880	44,694,370

The 6.60% and 5.33% notes payable are issued to the Province of Prince Edward Island.

The 4% promissory notes are payable to Prince Edward Island Century Fund 2000 Inc., a subsidiary of a provincial Crown corporation.

The notes payable and long-term debt are unsecured, except for the 6.62% Bank of Nova Scotia mortgage, which is secured by a full guarantee provided by the Province of Prince Edward Island.

The entire balance of the 5.65% Bank of Nova Scotia loan maturing in the coming fiscal year is classified as current.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

The aggregate amount of principal payments required in each of the next five years to meet retirement provisions is as follows:

	$
Year ending March 31, 2007	4,841,085
2008	2,591,319
2009	18,940,495
2010	1,473,380
2011	4,258,910

14 Obligation under capital lease

Atlantic Technology Centre Inc.

The following is an analysis of the future minimum lease payments on a capital lease. The lease expires October 2007.

	2006 $	2005 $
4% lease, payable in annual instalments $105,200 in 2004, $182,400 in 2005, $326,400 in 2006 and $374,400 in 2007, payable on October 31 of each year	700,800	883,200
Less: Amount representing interest	40,800	73,200
	660,000	810,000
Less: current portion	300,000	150,000
	360,000	660,000

The total annual principal payments over the remaining term of the lease are as follows:

	$
Year ending March 31, 2007	300,000
2008	360,000

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements
March 31, 2006

15 Deferred credits

			2006	2005
	Cost $	Accumulated amortization $	Net $	Net $
F.T.C. Enterprises Limited				
Buildings	5,868,552	3,840,516	2,028,036	974,217
Pilot plant and laboratory equipment	1,256,292	641,907	614,385	1,510,218
Computer and audio visual equipment	-	-	-	41,799
Office furniture and equipment	-	-	-	316
	7,124,844	4,482,423	2,642,421	2,526,550
Gateway Village Development Inc.				
Building - Phase I	3,095,313	1,367,094	1,728,219	1,882,982
Land improvements	816,743	721,460	95,283	176,960
Interpretative Centre	1,072,001	1,072,001	-	-
Retail fixtures	73,735	73,735	-	-
	5,057,792	3,234,290	1,823,502	2,059,942
Environmental Industrial Services Inc.				
Bloomfield Mall	879,812	153,062	726,750	770,486
Atlantic Technology Centre Inc.				
Building	6,861,000	581,916	6,279,084	6,296,856
Computer hardware	1,424,927	1,424,927	-	250,847
Computer software	50,800	50,800	-	-
Furniture and fixtures	313,273	218,764	94,509	157,162
	8,650,000	2,276,407	6,373,593	6,704,865
Prince Edward Island Business Development Inc.				
Industrial sites	7,836,092	6,315,114	1,520,978	1,884,050
	29,548,540	16,461,296	13,087,244	13,945,893

16 Reserve for future expenditure

During the 2005 fiscal year, Environmental Industrial Services Inc. took over certain liabilities from the Department of Environment, Energy and Forestry. The Corporation received an amount of $173,471 in capital replacement funds which have been recorded as a reserve for future expenditures.

During the year, $3,090 (2005 - $9,858) was expended from the reserve.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

17 Contingent liabilities

a) The corporation is contingently liable under loan guarantees at March 31 as follows:

	2006 $	2005 $
Loan guarantees	8,304,786	10,695,437
Provision for possible payment	1,290,550	1,397,467

The provision for possible payment for the loan guarantees is included in the overall allowance for possible losses.

The corporation is also contingently liable under entrepreneur loan program guarantees of $1,120,417 (2005 - $1,326,618) for which a provision for possible losses of $168,084 (2005 - $168,084) has been included in accounts payable and accrued liabilities.

Included in loan guarantees is $495,000 (2005 - $495,000) for an equity investment and $1,498,587 (2005 - $1,870,000) in guarantees for line of credit balances which have a carrying value of $1,228,587 (2005 - $1,300,000) at March 31, 2006. Also included is $6,301,284 (2005 - $8,330,437) in guarantees for term loans which have a carrying value of $6,301,284 (2005 - $8,278,778) at March 31, 2006. The above guarantees have various expiry dates ranging from April 2006 to May 2023.

The guarantees are secured by various assets and proceeds from liquidation are expected to cover the net carrying amount of the guarantees.

Related party amounts

Included in loan guarantees is a guarantee of a term loan in the amount of $200,000 (2005 - $200,000) provided to a Crown corporation, P.E.I. Energy Corporation, and a guarantee of a preferred share investment in the amount of $495,000 (2005 - $495,000) provided to a Crown corporation, PEI Lending Agency and a guarantee of a term loan in the amount of $2,229,157 (2005 - $2,354,162) provided to Slemon Park Corporation, which is controlled by a wholly-owned subsidiary of Prince Edward Island Business Development Inc.

b) Prince Edward Island Business Development Inc. (the "company") has indemnified lease payments to a landlord on behalf of a private company (the "tenant"). In the case of default by the tenant, the maximum amount indemnified is $108,333 per month, pursuant to the lease ending February 2025. The Company also has the option to acquire the premises from the landlord based on a predetermined calculation and have the lease assigned. Under this agreement, the option value at March 31, 2006 is $13,393,231. If the Company opts to acquire the premises, the proceeds from the sale of the premises would be used to recover all or a portion of amounts paid under the guarantee; however, the value of the potential sale proceeds is not determinable at this time.

c) The company, along with other parties, has been named in a claim by a private company seeking general and aggravated damages and special damages in the amount of $11,187,345, plus other unspecified damages and costs. It is management's opinion that a liability, if any, is unlikely and undeterminable at this time and no provision has been made in the accounts for future possible losses related to this claim.

d) Prince Edward Island Business Development Inc. has been named in an action filed by a private company seeking unspecified damages. Management believes this claim is completely without foundation and that the liability resulting from either of these claims, if any, is unlikely at this time and, accordingly, no provision has been recorded in the accounts for future possible losses.

18 Commitments

a) F.T.C. Enterprises Limited has entered into a twenty-five year lease expiring November 2013 with the University of Prince Edward Island for the land upon which the corporation constructed its facilities. The lease cost is $1 per year and is renewable for a further term of twenty-five years for the same annual consideration.

b) The minimum annual lease payments required by Atlantic Technology Centre Inc. over the next two years under an operating lease for network management services and technological equipment expiring July 2007 are as follows:

	$
Year ending March 31, 2007	120,000
2008	40,000

c) Loans approved by Prince Edward Island Business Development Inc. but not disbursed at March 31, 2006 total $6,460,510.

19 Operating agreements

Environmental Industrial Services Inc. has agreements with McCain Foods Limited, Irving Pulp & Paper Limited and Small Fry Snack Foods Inc. to operate wastewater treatment facilities to extend to December 2010, 2011 and 2005, respectively, and stipulate that the companies shall pay Environmental Industrial Services Inc. a user fee equal to the operating costs of the facilities excluding interest and amortization charges. The companies pay these operating costs directly and accordingly a user fee has not been charged by Environmental Industrial Services Inc.

Environmental Industrial Services Inc. is responsible for operating the Brudenell and Crowbush Water and Sewer Utilities on behalf of the Province of Prince Edward Island. Environmental Industrial Services Inc. pays the operating costs of the Utility and recovers these costs from the users of the utility on a pro-rata basis based on usage.

During the year, the company recovered $8,524 (2005 - $7,976) in costs from related parties, Tourism PEI and Golf Links Prince Edward Island Inc. Tourism PEI is a provincial Crown corporation and Golf Links Prince Edward Island Inc. is a subsidiary of Tourism PEI.

20 Related party transactions

Balance sheet

Accounts receivable

Included in accounts receivable is $307,337 (2005 - $285,236) due from the Province of Prince Edward Island and $239,737 (2005 - $57,258) due from related companies.

Funds held in trust

The funds held in trust include amounts due to Island Investment Development Inc., a provincial Crown corporation and its subsidiaries as follows:

	2006 $	2005 $
Advances from Island Investment Development Inc.	228,400	821,443
Advances from Island Fund IV	427,000	525,000
Advances from Island Fund V	494,749	1,150,000
Net present value of net investment in lease	1,150,149	2,496,443

Property and equipment

The Province of P.E.I. transferred land to Gateway Village Development Inc. in 1997. In accordance with the terms of the transfer, the exchange and carrying amounts of the land was established as $1.

The Province of Prince Edward Island conveys land to the company periodically to be used for development purposes. The exchange and carrying amounts of land when transferred into the company is nil.

Accounts payable

Included in accounts payable and accrued liabilities is $715,240 (2005 - $142,885) payable to the Province of Prince Edward Island, and $261,250 (2005 - nil) due to related companies.

Deferred credits

During the year, F.T.C. Enterprises Limited received grants of $596,500 (2005 - $486,500) from the Province of Prince Edward Island through Prince Edward Island Business Development Inc. that have been accounted for as deferred credits and included in program expenditures for the year. These amounts have not been eliminated on consolidation.

Contributed surplus

Gateway Village Development Inc. and F.T.C. Enterprises Limited have received a cumulative total of $1,786,248 in funds from the Province of Prince Edward Island through Prince Edward Island Business Development Inc. that have been accounted for as contributed surplus less $225,953 transferred to offset deficit in prior years. This contribution has not been eliminated on consolidation.

Statement of revenue and expenditures

Revenue

Included in interest on loans receivable is nil (2005 - $530,692) received from subsidiaries of a provincial Crown corporation.

Management fees

During the year, management fees of $250,000 (2005 - $150,000) were received from Island Investment Development Inc. and recorded as a reduction in operating expenditures.

Interest expense

Included in expenditures is $1,426,954 (2005 - $1,391,433) in interest paid to the Province of Prince Edward Island.

Included in expenditures is $907,408 (2005 - $344,033) in interest paid to a subsidiary of a provincial Crown corporation.

Other

During the year, Environmental Industrial Services Inc. received $50,641 (2005 - nil) in costs from a related party, Prince Edward Island Department of Transportation.

The company provides office premises to Tourism PEI for nil consideration.

The company rents land for the annual amount of $2,120 plus applicable taxes from Slemon Park Corporation under a fifty-year lease agreement, effective for the term September 28, 2001 to September 28, 2051.

100417 P.E.I. Inc., a wholly-owned subsidiary of Prince Edward Island Business Development Inc., owns 56% of the common shares of Slemon Park Corporation.

21 Transfer agreements with subsidiaries

Solanum - PEI, A Canadian Potato Systems Company Inc.

Effective October 11, 2005, Prince Edward Island Business Development Inc. entered into a general conveyance, assignment and assumption of liabilities agreement with a subsidiary, Solanum - PEI, A Canadian Potato Systems Company Inc. Under this agreement, Solanum - PEI, A Canadian Potato Systems Company Inc. transferred all of its assets and the benefit of all contracts to Prince Edward Island Business Development Inc. Prince Edward Island Business Development Inc. agreed to assume and discharge all liabilities of Solanum - PEI, A Canadian Potato Systems Company Inc., and to assume all expenses in connection with the wind-up and dissolution of Solanum - PEI, A Canadian Potato Systems Company Inc.

The net assets and liabilities transferred were as follows:

	$
Cash	6,563
Accounts payable and accrued liabilities	1,500
Net profit to October 11, 2005	572
Net assets transferred	5,635

The net assets transferred were recorded by Prince Edward Island Business Development Inc. as an elimination of the investment in the amount of $100 and increase in revenue of $5,535.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

Technology Prince Edward Island Inc.

Effective April 1, 2005, Prince Edward Island Business Development Inc. assumed the delivery and financial reporting of technology, film and media assistance programs for ease of administration. Effective as of this date, all assets, staff and liabilities of Technology Prince Edward Island Inc. were transferred to Prince Edward Island Business Development Inc. and all financial obligations have become the responsibility of Prince Edward Island Business Development Inc.

The net assets and liabilities transferred were as follows:

	$
Cash	170,827
Accounts receivable	2,713,564
Loans receivable	2,213,500
Prepaid expenses	3,063
Investment in subsidiary	100
Accounts payable and accrued liabilities	5,099,426
Net assets transferred	1,628

The net assets transferred were recorded by Prince Edward Island Business Development Inc. as a reduction of the intercompany receivable of Technology Prince Edward Island Inc. of $1,628.

22 Comparative figures

Certain comparative figure presented for the 2005 fiscal year have been restated to conform with the financial statement presentation adopted in the current year.

Prince Edward Island Business Development Inc.

Notes to Consolidated Financial Statements

March 31, 2006

23 Interest rate risk

The following table sets out assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the company's interest rate risk position is limited by the fact that certain borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing dates. For example, notes receivable are shown at contractual maturity but certain notes could prepay earlier.

	Under 1 year $	Over 1 to 5 years $	Over 5 years $	Not interest rate sensitive $	Total $
Assets					
Cash and short-term investments	3,048,271	-	-	-	3,048,271
Accounts receivable	-	-	-	2,167,008	2,167,008
Accrued interest receivable	-	-	-	125,000	125,000
Grant receivable - ACOA	-	-	-	591,153	591,153
Inventory	-	-	-	57,098	57,098
Prepaid expenses	-	-	-	28,788	28,788
Loans receivable (net of allowance for losses)	13,143,097	26,875,402	8,625,886	(6,277,452)	42,366,933
Effective interest rate	7.69%	5.88%	6.03%		
Due from Province	-	-	-	8,944,843	8,944,843
Investment in non-marketable securities	130,000	520,000	500,000	1,604,009	2,754,009
Effective interest rate	4.00%	4.00%	4.00%		
Property holdings	-	-	-	9,271,843	9,271,843
Property and equipment	-	-	-	28,860,769	28,860,769
Funds held in trust	-	-	-	1,180,445	1,180,445
Net investment in leases	-	-	-	620,320	620,320
Total assets	16,321,368	27,395,402	9,125,886	47,173,824	100,016,480
Liabilities and surplus					
Demand loan	-	-	-	332,668	332,668
Accounts payable and accrued liabilities	-	-	-	16,358,139	16,358,139
Provision for payment of guarantees	-	-	-	1,290,550	1,290,550
Deferred revenue	-	-	-	44,192	44,192
Deferred contributions				162,000	162,000
Progress billing in excess of work-in-progress	-	-	-	228,669	228,669
Notes payable	17,391,688	27,264,104	20,251,776	-	64,907,568
Effective interest rate	5.27%	3.68%	5.33%		
Obligation under capital lease	300,000	360,000	-	-	660,000
Effective interest rate	4.00%	4.00%	-		
Funds held in trust	-	-	-	1,180,445	1,180,445
Deferred credits	-	-	-	13,087,244	13,087,244
Reserve for future expenditures	-	-	-	160,523	160,523
Contributed surplus	-	-	-	1,560,295	1,560,295
Retained earnings	-	-	-	44,187	44,187
Total liabilities and deficit	17,691,688	27,624,104	20,251,776	34,448,912	100,016,480
Interest rate sensitivity gap	(1,370,320)	(228,702)	(11,125,890)	12,724,912	-

Prince Edward Island Business Development Inc.

Schedule of Retail Operations

For the year ended March 31, 2006

	2006 $	2005 $
Revenue		
Island Store	303,074	336,634
Consignment sales - net	600	1,133
	303,674	337,767
Cost of goods sold		
Island Store	158,989	178,474
Gross margin	144,685	159,293
Expenditures		
Salaries and benefits	60,973	55,037
Occupancy charge	30,314	33,663
Bank charges and interest	4,458	4,719
Travel and training	98	1,000
Packaging	1,899	2,832
Advertising and promotion	873	5,856
Electricity	1,868	2,511
Telecommunications	1,568	2,145
Administration	1,175	1,200
Maintenance and cleaning	1,001	664
Product development	-	160
Exchange gain	(381)	(439)
	103,846	109,348

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

Honourable P. Mitchell Murphy
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Civil Service Superannuation Fund as at March 31, 2006 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Provincial Treasurer. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
February 7, 2007

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT MARCH 31, 2006

	2006	2005
ASSETS		
Cash	$ 509,204	$ 274,419
Receivables		
Contributions receivable - employees	404,797	360,882
Contributions receivable - employers	488,945	453,653
Other	19,984	33,825
	1,422,930	1,122,779
Investments (Notes 2(a) and 3)	558,118,635	501,641,722
Total assets	$559,541,565	$502,764,501
LIABILITIES		
Accounts payable	$ 967,106	$ 730,628
NET ASSETS AVAILABLE FOR BENEFITS	$558,574,459	$502,033,873

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
INCREASE IN ASSETS		
Investment income		
Interest	$ 9,747,392	$ 9,240,582
Dividends	6,412,281	5,708,675
	16,159,673	14,949,257
Market value increase - Note 2(a)	51,548,489	13,516,396
Contributions (Note 5)		
Employees' contributions	9,919,211	9,540,832
Employers' contributions	9,919,211	9,540,832
Transfers from other plans	181,109	600,450
Refund repayments	35,648	52,025
Purchased service	488,967	707,746
Government contribution toward unfunded liability	-	5,926,605
	20,544,146	26,368,490
Total increase in assets	88,252,308	54,834,143
DECREASE IN ASSETS		
Administrative expenses	2,008,027	1,888,500
Benefits paid	27,183,427	23,305,901
Refunds	940,467	360,593
Transfers	1,579,801	931,841
Total decrease in assets	31,711,722	26,486,835
INCREASE IN NET ASSETS	56,540,586	28,347,308
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	502,033,873	473,686,565
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$558,574,459	$502,033,873

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. Description of Plan

The following description of the Civil Service Superannuation Plan is a summary only. For more complete information, reference should be made to the Civil Service Superannuation Act.

a) General
The Plan is a contributory defined benefit plan covering government employees and employees of certain boards, commissions, crown corporations and agencies as defined in the Civil Service Superannuation Act. In addition, the Plan covers employees receiving disability payments under the Employees Long Term Disability Plan.

b) Contributions
Under the Plan, employees and the employer make equal contributions amounting to 6.95% on that part of the salary on which Canada Pension Plan contributions are made and 8.75% on salary when Canada Pension Plan contributions are not required.

c) Retirement Benefits
A member who has attained age 60 and has completed at least 5 years of service or has attained age 55 and has completed 30 years of service is entitled to an immediate pension which is payable in equal monthly installments.

The annual amount of the pension is equal to 2% of the average salary of the member in the three year period of pensionable service during which such average salary is highest, multiplied by the number of years of pensionable service to a maximum of 35 years. When the member reaches the age of 65 (or if he or she is 65 or over at retirement) the amount of pension described above is reduced by 0.7% of the average salary up to the average Maximum Pensionable Earnings under the Canada Pension Plan during the three year period over which the average salary has been computed, multiplied by the number of years of the member's pensionable service after July 1, 1966 or July 1, 1972, depending on the election of the member and payment of the required contributions to be eligible for the smaller offset.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2006

1. Description of Plan continued...

Reduced benefits are available at age 55 with 5 years pensionable service. The pension for a member who retires prior to age 60 (and who is not entitled to an unreduced pension) is calculated as described in the previous paragraph but then is reduced by 0.25% for each month by which the early retirement date precedes the member's earliest unreduced retirement age. The lesser of the number of months between the date of actual retirement and the date the member would attain the age 60 or the number of months between the date of actual retirement and the date the member would have at least thirty years of service.

The above formula determines the amount of a member's initial pension at retirement. In subsequent years the amount of a member's pension is increased in line with increases in the Consumer Price Index, but the increase in any one year is limited to no more than 6%.

d) Death Benefits
On the death of a member prior to completing 5 years of pensionable service, or after completing 5 years of service but leaving no surviving spouse or dependant children, the members contributions accumulated with interest will be refunded. If a member dies prior to retirement but after completing 5 years of service, the member's spouse is entitled to an immediate lifetime pension equal to 60% of the accrued, unreduced pension of the member at the time of death. In addition to the spousal pension, an allowance equal to one-sixth of the pension paid to the surviving spouse is payable in respect of each dependent child, up to a maximum of 4 children, until the child attains age 18, or until 21 if the child is attending school full-time.

e) Termination and Portability of Benefits
In the event of termination of employment for reasons other than retirement or death, a member may elect to receive either:

- a refund of the member's own contributions with interest, or
- if the member has completed at least five years of service, a deferred annuity commencing when the member attains the age of 60.

Where there are portability arrangements between the Plan and other plans, members may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the Plan.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2006

1. Description of Plan continued...

f) Marriage Breakdowns
Upon application, the pension benefits to which a person is entitled may be divided between the person and the spouse or former spouse.

g) Income Tax
The Plan is a Registered Pension Plan as defined under the Income Tax Act and is not subject to income tax.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province of Prince Edward Island and the Plan participants. They are prepared to assist in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual participants. The following accounting policies are considered significant.

a) Investments
With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

Changes in the market value of investments, including realized and unrealized gains resulting from changes in foreign exchange, are reflected in the financial statements as a market value adjustment.

b) Investment Transactions
Investment transactions are recorded on the settlement date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Distributions are recognized on the record date.

3. Investments

a) Investments as of March 31, 2006 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$558,104,721
Cash held for investment	13,914
	$558,118,635

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2006

3. Investments continued...

The investments of the Civil Service Superannuation Fund, MLA Pension Fund, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Units are held by each of these funds in the Master Trust. As of March 31, 2006 there were 748,186.958 units held in the Province of Prince Edward Island Master Trust, of which the Civil Service Superannuation Fund held the following:

Units held	456,175.831
Market value per unit	$1,223.44
Total market value held	$558,104,721

Investments of the Province of Prince Edward Island Master Trust are as follows:

Canadian T-Bills	$ 18,584,111
US T-Notes	1,076,274
Other liquid asset	1,831,946
Bonds, debentures and notes	297,543,477
Canadian equity securities	338,151,567
Foreign equity securities	251,667,357
Accrued income receivable	4,043,442
Real estate	2,465,339
Total	$915,363,513

The investments of $915,363,513 include amounts which three of the five Master Trust Fund managers have invested in their own pooled funds. The March 31, 2006 market values of these investments are as follows:

Beutel Goodman & Company Ltd.	$ 26,766,573
Northwater Capital Management Inc.	106,033,692
Capital Guardian	116,732,979
Total	$249,533,244

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2006

3. Investments continued...

b) Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in the market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The policy of the Master Trust is to invest in a diversified portfolio of investments based on criteria established in the Statement of Investment Policies and Procedures.

4. Obligations for Pension Benefits for Accounting Purposes

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. The most recent actuarial valuation for accounting purposes prepared by Morneau Sobeco disclosed an unfunded liability as at April 1, 2005 of $73,804,000.

The actuarial present value of benefits as of March 31, 2006, the principal components of changes in actuarial present values during the year and the estimated unfunded liability, were as follows:

	2006
Actuarial present value of accrued benefits at beginning of year	$575,838,000
Interest accrued on benefits	43,431,130
Benefits accrued	16,458,362
Benefits paid	(29,703,695)
Actuarial present value of accrued benefits at end of year	606,023,797
Net assets available for benefits	558,574,459
Unfunded liability as at March 31, 2006	$ 47,449,338

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2006

4. Obligations for Pension Benefits for Accounting Purposes continued...

The economic assumptions used in determining the actuarial value of accrued pension for accounting purposes were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

Asset rate of return	7.63% per annum
Basic salary escalation rate (excluding promotional increases)	2.75% per annum
Pension cost of living increases	2.65% per annum

The Consolidated (Summary) Financial Statements of the Province record the obligation using the accounting method.

5. Funding Policy

In accordance with the Civil Service Superannuation Act, employees are required to contribute as described in Note 1(b). The employer matches employee contributions to the Fund. Under Section 5 of the Civil Service Superannuation Act, payments out of the Fund are guaranteed by the Province of Prince Edward Island. The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of April 1, 2005. This valuation disclosed an unfunded liability as at April 1, 2005 of $123,231,000.

6. Subsequent Event

At its November 15, 2006 meeting, Treasury Board approved the amalgamation of the Uniform Pension Plan with the Civil Service Superannuation Pension Plan. The amalgamation is expected to be completed in the 2007-08 fiscal year. An estimate of the effect on the pension obligation of the Civil Service Superannuation Fund has not been made.

PRINCE EDWARD ISLAND

CROWN BUILDING CORPORATION

CONSOLIDATED FINANCIAL STATEMENT

MARCH 31, 2006

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crown Building Corporation

I have audited the consolidated balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 2006. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this consolidated financial statement presents fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
April 13, 2006

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2006

	2006	2005
ASSETS		
Accounts receivable - Note 2	$ 8,688	$ 8,688
Capital assets - Note 3	271,340	271,340
	$280,028	$280,028
LIABILITY AND SURPLUS		
Accounts payable	$ 1,100	$ 1,100
Surplus	278,928	278,928
	$280,028	$280,028

(The accompanying notes are an integral part of this financial statement.)

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

MARCH 31, 2006

1. **Accounting Policies**

(a) The consolidated financial statement includes the accounts of the wholly-owned subsidiaries, 100099 P.E.I. Inc. and C.V.C. Management Inc., both having March 31 year ends.

(b) The Corporation owns the Shaw and Sullivan Buildings which house various government departments. Rent is not charged for space occupied. Maintenance and operating costs are the Province's responsibility.

A statement of operations and surplus is not presented. Since the Corporation had no financial activity during the years ended March 31, 2004 and March 31, 2005, a statement of operations and surplus is not considered necessary.

(c) The Corporation purchased the shares of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. in October 1987. Most of the assets of the Charlottetown Veterinary Clinic (1981) Ltd. were sold at net book value to four former employees on May 30, 1997, and on this date business operations were assumed by the new owners. The company name was changed to 100099 P.E.I. Inc. on July 18, 1997, which was the closing date for the sale. Separate combined financial statements are issued for 100099 P.E.I. Inc. and C.V.C. Management Inc.

2. Accounts receivable consist of the following:

Province of Prince Edward Island		$8,688
Other	$13,056	
Less: Allowance for doubtful accounts	13,056	-
		$8,688

3. Capital assets consist of the following:

Land		$271,340
Buildings and equipment		
Cost	$6,116,139	
Less: Accumulated amortization	6,116,139	-
		$271,340

Consolidated Financial Statements of

PRINCE EDWARD ISLAND ENERGY CORPORATION

Year ended March 31, 2006

Beaton Fitzpatrick Murray

BFM

Beaton Fitzpatrick Murray
Chartered Accountants and Advisors

A.W. Beaton, CA
G.J. Fitzpatrick, FCA
J.G. Murray, CA
P.J. Trainor, CA
J.J. Dunn, CA

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AUDITORS' REPORT TO THE DIRECTORS

We have audited the consolidated statement of financial position of Prince Edward Island Energy Corporation as at March 31, 2006 and the consolidated statements of operations, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Charlottetown, P.E.I.
May 19, 2006

Associated with
BDO Dunwoody LLP

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Financial Position

March 31, 2006, with comparative figures for 2005

	2006	2005
Assets		
Current assets:		
Cash	$ 628,569	$ 544,811
Temporary investments (note 2)	1,500,000	1,000,001
Accounts receivable (note 3)	868,982	413,349
Holdbacks receivable	19,560	11,098
Prepaid expenses	55,527	90,692
Restricted cash	5,346	5,346
	3,077,984	2,065,297
Long-term investment (note 4)	200,000	200,000
Capital assets (note 5)	19,586,577	14,747,526
	$ 22,864,561	$ 17,012,823
Liabilities and Surplus		
Current liabilities:		
Accounts payable and accrued liabilities	$ 461,078	$ 318,175
Payable to Province of Prince Edward Island	5,783,137	-
Royalties payable (note 6)	14,343	16,087
Deferred revenue - projects	27,774	30,431
Current portion of long-term debt	1,005,733	873,518
	7,292,065	1,238,211
Long-term debt (note 7)	12,129,065	13,134,798
Reserves (note 8)	209,603	179,712
Surplus (note 10)	3,233,828	2,460,102
Commitments (note 9)		
Contingencies (note 10)		
	$ 22,864,561	$ 17,012,823

See accompanying notes to consolidated financial statements.

On Behalf of the Board:

______________________ Director ______________________ Director

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Operations

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Revenue:		
Grants - Province of Prince Edward Island	$ 349,600	$ 603,300
- Government of Canada	243,120	235,000
Wind Farm	2,785,538	2,756,019
Wage assistance	6,879	-
	3,385,137	3,594,319
Expenses:		
Advertising	4,743	6,566
Audit	11,128	9,070
Consulting fees	150,619	120,858
Heat and lights	8,433	9,673
Insurance	18,929	17,933
Interest and bank charges	51	21
Materials and supplies	16,125	22,867
Met towers	1,359	103,489
Miscellaneous	15,448	10,897
Office and computer equipment	23,740	27,193
Office and computer supplies	4,998	8,536
Operations and maintenance	2,256	689
Professional fees	18,967	33,731
Special projects	2,353	12,966
Telephone	6,639	8,417
Travel and training	19,984	50,181
Wages and employee benefits	319,750	479,700
Wind Farm	2,091,463	2,164,563
	2,716,985	3,087,350
Earnings before the undernoted	668,152	506,969
Earnings - projects	105,574	35,116
Net earnings	$ 773,726	$ 542,085

See accompanying notes to consolidated financial statements.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Surplus

Year ended March 31, 2006, with comparative figures for 2005

		2006		2005
Surplus, beginning of year	$	2,460,102	$	1,918,017
Earnings - operating for the year (page 2)		773,726		542,085
Surplus, end of year	$	3,233,828	$	2,460,102

See accompanying notes to consolidated financial statements.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Cash Flows

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Cash flows from operating activities:		
Cash receipts from customers	$ 3,120,286	$ 3,840,178
Cash paid to suppliers and employees	(945,669)	(1,491,017)
Interest received	31,536	21,229
Interest paid	(829,315)	(886,475)
	1,376,838	1,483,915
Cash flows from financing activities:		
Repayments on long-term borrowings	(873,518)	(943,354)
Proceeds from short-term borrowings	5,783,137	-
	4,909,619	(943,354)
Cash flows from investing activities:		
Decrease in reserve for capital expenditures	(22,261)	(30,802)
Purchase of capital assets	(5,680,439)	(158,897)
	(5,702,700)	(189,699)
Net increase in cash	583,757	350,862
Cash, beginning of year	1,550,158	1,199,296
Cash, end of year	$ 2,133,915	$ 1,550,158
Represented by:		
Cash	628,569	544,811
Restricted cash	5,346	5,346
Temporary investments	1,500,000	1,000,001
	$ 2,133,915	$ 1,550,158

See accompanying notes to consolidated financial statements.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2006

Prince Edward Island Energy Corporation is a Crown corporation established by the Energy Corporations Act, and therefore is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act. The Corporation's principal business activities include the development and promotion of energy systems.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Corporation's 100% owned subsidiary, The Atlantic Wind Test Site Inc.

(b) Work in progress:

Work in progress is stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets related to the North Cape and East Point Wind Generating Plants are recorded at cost. Office furniture, equipment and computer equipment are fully expensed in the year of acquisition.

Amortization is provided using the straight-line method at the following annual rates:

Asset	Rate
Wind Farm	20 years
Norway line	20 years
Building	20 years

Amortization will not be provided on the work in progress - East Point Wind Farm until the project is complete.

(d) Interest capitalized:

Interest directly related to the East Point Wind Farm was capitalized during the implementation period. The amount capitalized during the year ended March 31, 2006 was $ 48,163 (2005 - $ Nil.).

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2006

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1. Significant accounting policies (continued):

(e) Temporary investments

Temporary investments are stated at the lower of cost and market value.

(f) Long-term investments:

Long-term investments are stated at cost.

(g) Revenue recognition:

Revenues are recorded in the period in which the transaction or events that give rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Corporation discharges the obligations that led to the collection of funds. Interest revenue is calculated and recognized as specified with the lending agreements.

(h) Financial instruments:

The Corporation's financial instruments consist of cash, temporary investments, accounts receivable, holdbacks receivable, accounts payable, payable to Province of P.E.I. and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(i) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Temporary investments:

Temporary investments consist of corporate debt securities with the effective interest rate of 3.5% payable at maturity on April 17, 2006. Fair market value is considered to approximate carrying value.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2006

3. Accounts receivable:

	2006	2005
Trade	$ 607,353	$ 454,074
Province of Prince Edward Island	41,712	2,700
G.S.T.	192,883	-
REAP program	47,346	-
Interest	2,301	-
	891,595	456,774
Provision for doubtful accounts	22,613	43,425
	$ 868,982	$ 413,349

4. Long-term investment:

	2006	2005
Frontier Power Systems Inc.	$ 200,000	$ 200,000
	$ 200,000	$ 200,000

5. Capital assets:

	Cost	Accumulated amortization	2006 Net book value	2005 Net book value
Wind Farm Phase I	$ 8,924,479	$ 1,967,442	$ 6,957,037	$ 7,383,467
Norway line	203,010	25,376	177,634	187,784
Wind Farm Phase II	7,562,296	880,600	6,681,696	7,040,018
Building	137,982	8,624	129,358	136,257
East Point Wind Farm	5,640,852	-	5,640,852	-
	$ 22,468,619	$ 2,882,042	$ 19,586,577	$ 14,747,526

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2006

6. Royalties payable:

Royalties payable represents amounts due to Natural Resources Canada in accordance with the provisions of a licensing agreement which came into effect April 1, 1995. Royalties requirements are based on consulting fees and other revenues earned by the Corporation from contracts with third parties.

7. Long-term debt:

	2006	2005
Bank of Montreal, 6.6%, payable in equal monthly payments of principal and interest of $ 82,051., due October 2016, secured by signed commitment letter and Province of Prince Edward Island Order in Council guaranteeing full amount of loan	$ 7,484,798	$ 7,958,316
Province of P.E.I. Provincial Treasury, 5.39% debenture, payable in quarterly payments of principal of $ 100,000., with a balloon payment of $ 100,000. every 24 months starting in March 31, 2005, plus interest, due December 2018	5,650,000	6,050,000
	13,134,798	14,008,316
Less current portion of long-term debt	1,005,733	873,518
	$ 12,129,065	$ 13,134,798

The aggregate maturities of long-term debt for each of the five years subsequent to March 31, 2006 are as follows: 2007 - $ 1,005,733.; 2008 - $ 940,140.; 2009 - $ 1,076,887.; 2010 - $ 1,016,135.; and 2011 - $ 1,158,053.

PRINCE EDWARD ISLAND ENERGY CORPORATION

Notes to Consolidated Financial Statements

Year ended March 31, 2006

8. Reserves:

	Equipment reserve	GPP Capital reserve	2006 total	2005 total
Beginning balance	$ 68,337	$ 111,375	$ 179,712	$ 158,752
Allocation	-	52,152	52,152	51,762
Capital expenditures	-	(22,261)	(22,261)	(30,802)
	$ 68,337	$ 141,266	$ 209,603	$ 179,712

9. Commitments:

The corporation entered into a contribution agreement with Industry Canada and Hydogenics corporation for the expenditure of up to $ 2.49 million on the P.E.I. Wind-Hydrogen project over three years

10. Contingencies:

The Atlantic Wind Test Site Inc. receives cost-shared funding under an operating agreement with Natural Resources Canada. This agreement includes provisions which require the pro-rata repayment of any surplus in the event that activities of the Test Site are terminated. The corporation has a surplus as of March 31, 2006 of $ 133,439. (2005 - $ 53,727.)

The corporation has entered into a contract with the Department of Natural Resources (NRCan) under the Wind Power Production Incentive program. In the event that revenue from the sale of production of the Wind Farm exceeds the standardized market value of the production, the incentives received must be repaid to NRCan. During the year, revenue was not in excess of the standardized market value and consequently, no liability must be recognized.

11. Off-balance sheet financial instruments:

To manage its current and anticipated exposure to interest rate risks, the corporation has entered into an interest rate swap contract whereby it has fixed the interest rate on a total of $ 9,630,000. of notional principal against the floating interest position assumed by the Bank of Montreal. The swap contract has an effective interest rate of 6.6% and will mature in October 2016.

PRINCE EDWARD ISLAND

GRAIN ELEVATORS CORPORATION

FINANCIAL STATEMENTS

JULY 31, 2005

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Grain Elevators Corporation

I have audited the balance sheet of the Prince Edward Island Grain Elevators Corporation as at July 31, 2005 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
March 3, 2006

STATEMENT 1

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
BALANCE SHEET
AS AT JULY 31, 2005

	2005	2004
ASSETS		
CURRENT ASSETS		
Accounts receivable - General - Note 3	$ 850,610	$ 563,272
Short-term investments - Note 4	44,818	31,906
Inventory - Corporation	261,796	155,204
Prepaid expenses	307,809	281,839
Deposit on hedge contracts - Note 5	64,737	168,890
Current portion of long-term receivable - Note 6	13,644	13,644
	1,543,414	1,214,755
Long-term receivable - Note 6	69,064	82,706
Equipment - Note 7	203,599	15,672
Equipment under capital leases - Note 8	70,446	88,823
	$1,886,523	$1,401,956
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Bank overdraft	$ 544,885	$ 169,134
Accounts payable and accrued liabilities	222,604	141,451
Deferred revenue	140,059	138,706
Current portion of obligation under capital leases - Note 10	17,295	16,169
Payments to be distributed to producers	292,052	204,382
	1,216,895	669,842
Accrued retirement allowances - Note 9	135,572	120,900
Obligation under capital leases - Note 10	55,832	73,127
	1,408,299	863,869
EQUITY		
Retained earnings - Statement 2	135,224	195,087
Contributed surplus - Province of PEI	343,000	343,000
	478,224	538,087
	$1,886,523	$1,401,956

(The accompanying notes are an integral part of these financial statements.)

ON BEHALF OF THE BOARD:

DIRECTOR: ______________________

DIRECTOR: ______________________

STATEMENT 2

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 2005

	2005	2004
REVENUES:		
Sales	$5,235,631	$4,750,141
Other income - Note 11	621,975	648,722
Provincial grant - Operating	75,000	75,000
- Capital	89,217	63,011
- Other	2,092	-
	6,023,915	5,536,874
EXPENSES:		
Cost of non-pool inventory sold	1,121,684	1,084,778
Amortization	37,663	21,743
Bad debts	33,514	67,533
Board expense	19,299	18,706
Capital repairs	89,217	63,011
General and other	267,116	205,704
Insurance	35,382	31,656
Interest	59,547	45,454
Repairs and maintenance	107,415	123,670
Salaries and benefits - Note 12	643,771	608,955
Utilities	306,690	231,531
	2,721,298	2,502,741
NET RESULTS BEFORE DISTRIBUTION	3,302,617	3,034,133
DISTRIBUTION TO PARTICIPANTS - Note 13	3,362,480	2,921,665
NET INCOME (LOSS) FOR THE PERIOD	(59,863)	112,468
RETAINED EARNINGS BEGINNING OF YEAR	195,087	189,913
RETIREMENT ALLOWANCES - Note 9	-	(107,294)
RETAINED EARNINGS END OF YEAR	$ 135,224	$ 195,087

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2005

	2005	2004
Cash provided by (used for)		
OPERATING ACTIVITIES		
Net (loss) for the year	$ (59,863)	$ 112,468
Amount charged against income not requiring an outlay of cash:		
Amortization	37,663	21,743
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(287,338)	485,340
(Increase) decrease in inventory	(106,592)	119,076
(Increase) decrease in short-term investments	(12,912)	78
(Increase) decrease in prepaid expenses	(25,970)	(7,731)
(Increase) decrease in deposit on hedge contracts	104,153	(168,890)
(Increase) decrease in long-term receivable	13,642	(96,350)
Increase (decrease) in accounts payable	81,153	(1,388)
Increase (decrease) in deferred revenue	1,353	27,544
Increase (decrease) in distribution payable to producers	87,670	(137,169)
(Increase) decrease in ending deficit - open pool	-	16,702
Increase (decrease) in accrued retirement allowances	14,672	120,900
Prior period retirement allowances	-	(107,294)
Net cash provided (used for) by operating activities	(152,369)	385,029
FINANCING ACTIVITIES		
Obligation under capital leases	-	89,296
Repayment of capital lease obligation	(16,169)	-
INVESTING ACTIVITY		
Acquisition of equipment under capital leases	-	(91,886)
Acquisition of equipment	(207,213)	-
(Increase) decrease in bank overdraft	(375,751)	382,439
Bank overdraft at beginning of year	(169,134)	(551,573)
Bank overdraft at end of year	$(544,885)	$(169,134)

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2005

1. Summary of Significant Accounting Policies:

(a) The Corporation operates a pooling program for buying and selling its local grain and protein inventory. During 2004-05 five pools were in operation consisting of a Barley, Oats, Wheat, Milling Wheat, and Soybean pool. As of July 31, 2005 all pools were closed.

(b) Specific accounts which have been deemed doubtful have been included in the Allowance for Doubtful Accounts. In addition, one percent of the remaining accounts are included in the allowance.

(c) Inventory is valued at lower of cost or market. Market value is similar to replacement cost.

(d) Asset purchases less than $5,000 are expensed in the period of purchase.

(e) Amortization is calculated on a straight-line basis over the estimated useful life of the asset. Equipment is amortized over five years.

(f) Equipment under capital leases is amortized on a straight-line basis over the term of the leases, five years.

(g) The Province of PEI provides the elevator facilities to the Corporation at a nominal fee of $1.

(h) Vacation pay is recorded as a liability when earned.

(I) Retirement pay
Employees of the Corporation are entitled to retirement pay as provided for under the collective agreement and terms of employment. The Corporation obtains actuarial calculations of its liability for retirement allowances.

(j) Management estimates
The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those reported.

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2005

2. **Change In Accounting Policy:**

Retirement Allowances
To conform with a recommendation of the Canadian Institute of Chartered Accountants handbook, the Corporation records in its liabilities, accrued retirement allowances. 2004 was the first year for the accrued retirement allowances ($120,900) to be included in the Corporation's liabilities. As such the cumulative adjustment for prior years was adjusted through retained earnings and prior year comparative figures have not been restated to reflect the change in accounting policy.

3. **Accounts Receivable:**

	2005	2004
Trade	$582,330	$548,726
Less: Allowance for doubtful accounts	10,194	9,061
	572,136	539,665
Contract Sales	241,010	22,214
Other	37,464	1,393
	$850,610	$563,272

4. **Short-Term Investments:**

Short-term investments maturing within one year are valued at cost plus accrued interest and at July 31, 2005 have an interest rate of of 1.55%(July 31, 2004 1.55%). The carrying amount of short-term investments approximates their market value.

5. **Deposit on Hedge Contracts:**

At July 31, 2005 the Corporation had a deposit with their broker of $29,082 relating to soybean meal futures contracts totalling $69,962 with a market value of $78,114. At July 31, 2005 these contracts provide for the sale of 300 tonnes of December 2005 soybean meal for an average price of $233.21. The Corporation also owned 30 put options on December 2005 corn totalling $21,870 with a market value of $28,732, 5 put options on December 2005 soybean meal totalling $3,949 with a market value of $3,892 and 20 Canadian dollar calls totalling $9,837 with a market value of $11,033.

6. **Long-Term Receivable:**

Long-term receivable is receivable in equal monthly installments of $1,137 maturing August 2011. Long-term receivable is non-interest bearing.

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2005

7. **Equipment:**

	2005	2004
Equipment (cost)	$623,085	$415,873
Less: Accumulated amortization	419,486	400,201
	$203,599	$ 15,672

8. **Equipment Under Capital Leases:**

	2005	2004
Equipment (cost)	$91,886	$91,886
Less: Accumulated amortization	21,440	3,063
	$70,446	$88,823

9. **Retirement Allowances:**

(a) Basis of accounting for retirement allowances
Employees of the Corporation are entitled to retirement allowances as provided under the collective agreement and terms of employment. The Corporation has adopted the recommendations of the Canadian Institute of Chartered Accounts (CICA) in accounting for its retirement allowances. Assumptions used in the valuation of these retirement allowances are developed for accounting purposes.

(b) Actuarial Valuations/Estimates
The first actuarial valuation of retirement allowances for accounting purposes was performed July 31, 2004 which showed an unfunded actuarial liability of $120,900.

Actuarial valuations of the Corporation's retirement allowances will be carried out periodically. An estimated update, which is a partial calculation based on an extrapolation of the most recent valuation, will be calculated by the Corporation at the end of each fiscal year.

Actuarial gains and losses will be amortized on a straight-line basis over the expected average remaining service life of the related employee group which is 13 years.

Actuarial valuations and estimates are based on a number of assumptions about future events, such as wage and salary increases and employee termination. The assumptions used reflect the Corporation's best estimates, expected salary increases of 3 percent per annum and the disclosed discount rate used to determine accrued benefit obligation is 6.25 percent.

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2005

9. Retirement Allowances (continued...)

(c) Cost of Retirement Allowances

The following schedule presents the cost of retirement allowances for the year ended July 31, 2005:

	Current Service Cost	Interest Cost	Net Cost
Retirement Pay	$6,900	$7,772	$14,672

The cost of retirement allowances, as described in the above schedule, are presented in the Statement of Income and Retained Earnings and are allocated to salaries and benefits and interest expenses.

10. Obligation Under Capital Leases:

	2005	2004
Obligation under capital leases	$73,127	$89,296
Less: Current portion	17,295	16,169
	$55,832	$73,127

The following is a schedule of future minimum lease payments under a capital leases expiring June 8, 2009, together with the present balance of the obligation under capital leases.

2006	$21,707
2007	21,707
2008	21,707
2009	18,089
Total	$83,210
Less: Amount representing interest (7%)	
Roaster	$ 2,533
Computer	7,550
	$10,083
Balance of the obligation	$73,127

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2005

11. Other Income:

	2005	2004
Hedge gain (loss)	$ (25,783)	$169,050
Handling and drying	213,137	154,525
Storage fees	65,976	44,410
Custom extruding	106,948	67,496
Custom roasting	112,216	69,637
Miscellaneous	27,342	19,355
Interest revenue	11,581	48,815
Freight	92,898	75,434
Flax seed project	17,660	-
	$621,975	$648,722

12. Pension Costs:

Most of the employees of the Corporation are members of the Prince Edward Island Civil Service Superannuation Plan. The employer's share of the plan benefits are paid by the Corporation. Any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Corporation's financial statements.

One employee of the Corporation participates in a defined contribution plan. The Corporation matches the employee contributions to a maximum of 5% of the employee's salary.

13. The distribution to participants of pooling operations is as follows:

	2005	2004
Initial payment	$2,778,904	$2,165,550
Interim payment	291,524	544,662
Final payment distributed	-	7,071
Payments to be distributed to producers	292,052	204,382
	$3,362,480	$2,921,665

14. Related Party Transactions:

During the current year, four Board members had purchases from the Corporation totalling $30,168 and two Board members had sales to the Corporation totalling $92,433. These transactions were entered into in the normal course of business and on the same terms as unrelated parties.

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2005

15. **Fair Value of Financial Instruments:**

The fair value of the Corporation's cash, accounts receivable, accounts payable and accrued liabilities and payments to be distributed to producers approximates their carrying amounts.

16. **Comparative Figures:**

The presentation for the 2004 fiscal year has been restated to conform with the financial statement presentation adopted for the current year.

PRINCE EDWARD ISLAND
HOUSING CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 2006

AUDITOR'S REPORT

Hon. J. Chester Gillan
Minister of Social Services and Seniors
Province of Prince Edward Island

I have audited the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

For the year ended March 31, 2005 a qualified auditor's report was issued due to the fact that the amortization policy of the Corporation was not in accordance with Canadian generally accepted accounting principles. The Corporation has changed its amortization policy as indicated in note 2 for the year ended March 31, 2006 and is now in compliance with Canadian generally accepted accounting principles. The change has been applied on a retrospective basis with restatement effective April 1, 2004.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
January 5, 2007

STATEMENT 1

PRINCE EDWARD ISLAND HOUSING CORPORATION

BALANCE SHEET

AS AT MARCH 31, 2006

	2006	Restated 2005
ASSETS		
Current assets		
Cash	$ 1,212,700	$ 19,700
Accounts receivable - note 3	5,164,500	230,000
	6,377,200	249,700
Mortgages receivable	68,200	87,800
Investment in properties		
Agreements of sale - note 4	23,100	25,900
Land for resale or development - note 5	228,600	270,100
Federal-Provincial projects - note 6	2,862,800	3,015,600
Rental housing projects - note 7	26,165,800	27,413,700
	29,280,300	30,725,300
TOTAL ASSETS	$35,725,700	$31,062,800
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accruals - note 8	$ 699,000	$ 6,075,000
Current portion of long-term debt	2,025,700	1,980,100
	2,724,700	8,055,100
Long-term liabilities		
CMHC - note 9	28,011,400	29,205,300
Province of PEI - note 10	3,786,200	4,619,400
	31,797,600	33,824,700
Equity		
Contributed surplus - Province of PEI - note 12	1,203,400	1,330,900
Deficit	-	(12,147,900)
	1,203,400	(10,817,000)
TOTAL LIABILITIES AND EQUITY	$35,725,700	$31,062,800

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2006

	2006	Restated 2005
Revenue		
Appropriations from the Province of PEI - note 13	$ 3,783,800	$ 4,637,300
Gain on disposal of property	17,000	29,800
Amortization - contributed surplus - note 12	127,500	127,500
	3,928,300	4,794,600
Expenses		
Amortization	1,400,700	1,400,700
Interest	1,977,800	2,776,200
Property taxes	203,200	205,700
Grants issued	346,600	281,700
	3,928,300	4,664,300
Net income	$ -	$ 130,300
Deficit, beginning of year	$(12,147,900)	$ -
Prior Period Adjustment - note 2	-	(12,278,200)
Deficit, beginning of year, restated	-	(12,278,200)
Contribution by the Province of PEI - note 2	12,147,900	
Deficit, end of year	$ -	$(12,147,900)

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006

	2006	Restated 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ -	$ 130,300
Amounts charged against income not requiring an outlay of cash:		
Amortization of investment in properties	1,400,700	1,400,700
Amortization of contributed surplus - note 12	(127,500)	(127,500)
Donations of land	41,500	2,700
Gain on disposal of property	(17,000)	(29,800)
	1,297,700	1,376,400
Changes in non-cash working capital:		
Increase in accounts receivable	(4,934,500)	(17,700)
Increase (decrease) in accounts payable	(5,376,000)	3,181,800
Contribution by the Province of PEI to reduce deficit - note 2	12,147,900	-
	3,135,100	4,540,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in notes receivable	-	7,478,600
Decrease in mortgages receivable	19,600	31,500
Decrease in agreements of sale	2,800	2,500
Proceeds from property transactions	17,000	29,800
	39,400	7,542,400
CASH FLOW FROM FINANCING ACTIVITIES		
Cash payments to reduce long-term debt obligations	(1,981,500)	(12,259,300)
Increase (decrease) in cash	1,193,000	(176,400)
Cash, beginning of year	19,700	196,100
Cash, end of year	$1,212,700	$ 19,700

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

1. Summary of Significant Accounting Policies

Investments in Federal-Provincial and Rental Housing projects are owned by the Housing Corporation and are recorded at the Housing Corporation's cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life of the project. The projects have an estimated useful life of 40 years.

2. Changes in Accounting Policies

Amortization Method
To conform with Canadian generally accepted accounting principles, the Housing Corporation has changed its amortization method for Federal-Provincial and Rental Housing projects to straight-line amortization. Previously Federal-Provincial projects and Rental Housing projects, in many cases were amortized in accordance with the principal repayments of the corresponding long-term indebtedness. In addition, a portion of contributed surplus provided by the Province was amortized over the life of the Federal-Provincial agreement with the balance not amortized. As a result, a qualified auditor's report was issued for 2005.

These changes have been applied on a retrospective basis and restated effective April 1, 2004. The restatement has resulted in a reduction to 2005 opening contributed surplus of $3,466,600 and an increase to 2005 opening deficit of $12,278,200. In 2006, a contribution was made by the Province of PEI to close out this deficit. In 2006 the changes resulted in an increase to amortization of contributed surplus of $104,200 (2005; increase of $106,500) and an increase in amortization expense of $64,700 (2005; decrease of $2,800). The changes also resulted in a decrease to the net book value of Federal-Provincial projects of $3,101,500 (2005; decrease of $2,991,500) and a decrease to the net book value of Rental Housing projects of $12,660,900 (2005; decrease of $12,729,500).

3. Accounts receivable consist of the following:

	2006	2005
Province of PEI	$4,941,100	$ -
General	223,400	230,000
	$5,164,500	$230,000

4. Investments in properties under agreements of sale are recorded at cost less tenants' equity.

	2006	2005
Cost	$47,100	$47,100
Tenants' equity	(24,000)	(21,200)
	$23,100	$25,900

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2006

5. Investments in land for resale or development consist of the following:

	2006	2005
Hillsborough Development		
Developed - at cost	$ 37,400	$ 45,400
Undeveloped - at 1986 appraised values	110,500	110,500
Other undeveloped land	80,700	114,200
	$228,600	$270,100

6. Federal-Provincial Projects

	2006	2005
Family Housing	$ 2,158,000	$ 2,158,000
Senior Citizens Housing	3,724,900	3,724,900
Rural Community Housing	161,000	161,000
Rural and Native Housing	68,800	68,800
Land	311,100	311,100
	6,423,800	6,423,800
Less: accumulated amortization	3,561,000	3,408,200
	$ 2,862,800	$ 3,015,600

7. Rental Housing Projects

	2006	2005
Family Housing	$10,586,400	$10,586,400
Senior Citizens Housing	18,304,900	18,304,900
Homes for Special Care	21,008,000	21,008,000
Social Housing	17,600	17,600
Land	2,256,500	2,256,500
	52,173,400	52,173,400
Less: accumulated amortization	26,007,600	24,759,700
	$26,165,800	$27,413,700

8. Accounts payable and accruals consist of the following:

	2006	2005
Province of PEI	$ -	$ 4,842,200
Accrued interest	580,800	666,300
General	118,200	566,500
	$699,000	$ 6,075,000

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2006

9. Long-term liabilities payable to the Canada Mortgage and Housing Corporation consist of the following:

	2006	2005
Mortgages payable	$25,509,100	$26,549,200
Debentures payable	3,696,200	3,797,900
	29,205,300	30,347,100
Less: current portion	1,193,900	1,141,800
	$28,011,400	$29,205,300

The above amounts include 77 individual balances with interest rates from 3.88% to 11.00% and maturity dates ranging from 2006 to 2029.

10. Long-term liabilities payable to the Province of PEI consist of the following:

	2006	2005
Debentures payable	$4,618,000	$5,457,700
Less: current portion	831,800	838,300
	$3,786,200	$4,619,400

The above amounts include 27 individual balances with interest rates from 8.86% to 12.00% and maturity dates ranging from 2006 to 2024.

11. Principal portion of long-term debt repayments over the next five years are as follows:

2006/07	$2,025,700
2007/08	2,034,000
2008/09	2,103,700
2009/10	2,007,100
2010/11	1,932,500

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2006

12. Contributed surplus provided by the Province of PEI for the investment in properties consists of the following:

	2006	2005
Contributed surplus, beginning of year	$1,330,900	$4,925,000
Adjustment for accounting changes - note 2	-	(3,466,600)
Adjusted contributed surplus, beginning of year	1,330,900	1,458,400
Deductions for amortization of deferred credits:		
Senior Citizens Housing	72,000	72,000
Family Housing	31,100	31,100
Manors	24,400	24,400
	127,500	127,500
Contributed surplus, end of year	$1,203,400	$1,330,900

13. Provincial Appropriations

The appropriations from the Province of PEI represent amounts provided for program expenditures incurred directly by the Housing Corporation and do not relate to expenditures on housing activities administered by the Department of Social Services and Seniors. Separate appropriations are provided for these regional programs that are reported in the Province's Public Accounts. The various revenues earned on Housing Corporation activities are also reported in the Public Accounts.

14. Fair Value of Financial Instruments

The fair value of the Housing Corporation's cash, accounts receivable, mortgages receivable, accounts payable and accruals, and long-term liabilities approximates their carrying amounts.

15. Comparative Figures

Certain 2005 financial statement figures, presented for comparative purposes, have been reclassified to conform with 2006 financial statement presentation.

PRINCE EDWARD ISLAND

HUMAN RIGHTS COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Human Rights Commission

I have audited the balance sheet of the Prince Edward Island Human Rights Commission as at March 31, 2006 and the statements of revenue, expenditures, and surplus (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 9, 2006

STATEMENT 1

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

BALANCE SHEET

AS AT MARCH 31, 2006

	2006	2005
ASSETS		
Current Assets		
Accounts receivable		
- General	$ 325	$ 339
- Province of PEI	32,700	-
Prepaids	446	910
	$33,471	$1,249
LIABILITIES AND SURPLUS (DEFICIT)		
Current Liabilities		
Bank advances	$ 6,258	$13,947
Accounts payable	6,971	9,252
	13,229	23,199
Surplus (deficit) - Statement 2	20,242	(21,950)
	$33,471	$ 1,249

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER: ______________________________

COMMISSIONER: ______________________________

STATEMENT 2

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

STATEMENT OF REVENUE, EXPENDITURES, AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
Revenue		
Provincial grant	$341,700	$304,000
Expenditures		
Commissioner's per diems (Note 4)	23,530	15,531
Conferences and training	566	2,411
Furniture and equipment - (Note 2)	-	1,583
Memberships	2,915	2,815
Miscellaneous	978	1,264
Office maintenance, supplies and subscriptions	6,355	10,451
Photocopying	4,204	3,577
Professional fees	-	155
Rent	19,500	18,500
Salaries and benefits - (Note 5)	229,902	254,315
Travel - Staff	3,211	4,911
- Commissioners	3,448	2,811
Telephone	4,899	5,192
	299,508	323,516
Excess revenue (expenditures) for the year	42,192	(19,516)
Surplus (deficit), beginning of year	(21,950)	(2,434)
Surplus (deficit), end of year	$ 20,242	$ (21,950)

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Province of PEI for operations	$309,000	$304,000
Cash paid for salaries and benefits	(230,324)	(255,334)
Cash paid for materials and services	(70,987)	(70,432)
Net increase (decrease) in cash	7,689	(21,766)
Cash (bank advances), beginning of year	(13,947)	7,819
Cash (bank advances), end of year	$ (6,258)	$ (13,947)

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. Purpose of the Organization

The P.E.I. Human Rights Commission is a corporate body which is responsible for administering and enforcing the provincial Human Rights Act. The Commission provides education and public information in the field of human rights. The Commission also inquires into and endeavours to effect a settlement of any complaint of a violation of the Human Rights Act filed with the Commission as prescribed by the Act.

2. Significant Accounting Policy

Basis of Presentation

These statements were prepared in accordance with Canadian generally accepted accounting principles for non-profit organizations, with office equipment, furniture and computer software expensed in the year purchased. Furniture and equipment expensed for the year ended March 31, 2006 were $ nil (2005 - $1,583).

3. Lease Commitment

The Commission has cancelled its lease on its office premises effective March 31, 2006. The Commission also leases a photocopier. The future minimum lease payments are as follows:

Fiscal Year	Amount
2007	3,161
2008	3,161
2009	3,161
2010	2,108
	$11,591

4. Commissioner's Per Deims

In addition to attending monthly meetings, Commissioners also conduct panels of inquiry. Panel hearing per diems totalled $13,286. The remaining amount was for meetings and other per diems.

5. Salary and Benefits

a) Pension Costs

The employees at the Commission participate in a defined contribution pension plan. The Commission makes contributions amounting to 6.95% on that part of the salary on which Canada Pension Plan contributions are made and 8.75% on salary when

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

Canada Pension Plan contributions are not required. The employee is not required to match or contribute to the pension. These contributions are paid to a Registered Retirement Savings Plan (RRSP) as selected by the employee.

b) Vacation Pay and Retirement Allowances

Vacation pay is recorded as a liability when earned. Liabilities for retirement and severance are funded by the Province when payments are due. No liability for retirement/severance is recognized in these statements.

6. Fair Value of Financial Assets and Liabilities

The fair value of the Commission's accounts receivable, bank advances, and accounts payable approximate their carrying values.

7. Comparative Figures

Certain figures for 2005 have been reclassified to conform with current year presentation.

P.E.I. Lending Agency

Financial Statements
March 31, 2006

ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

AC ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

A Member Firm of The AC Group of Independent Accounting Firms Limited

Chartered Accountants &
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Canada C1A 7L1
Telephone (902) 368-3100
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www.acgca.ca

May 19, 2006

Auditors' Report

To the Board of Directors

We have audited the balance sheet of **P.E.I. Lending Agency** as at March 31, 2006 and the statements of earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

P.E.I. Lending Agency

Balance Sheet

As at March 31, 2006

	2006 $	2005 $
Assets		
Cash	684,624	1,008,776
Accounts receivable (note 11)	151,070	3,547
Due from Province of Prince Edward Island (note 3)	4,750,000	2,690,000
Loans receivable (note 4)	128,868,901	130,372,719
Leased property (note 5)	232,536	595,400
Property holdings (note 6)	18,161	125,732
Investment in private company preferred shares (note 13)	4,152	521,942
	134,709,444	135,318,116
Liabilities		
Accounts payable and accrued liabilities (note 11)	557,288	571,256
Due to Province of Prince Edward Island (note 3)	1,000,000	-
Notes payable (note 8)	134,598,894	134,746,820
	136,156,182	135,318,076
Contingent liabilities (note 9)		
Shareholders' Equity		
Retained earnings - Beginning of year	40	40
Excess expenses for the year	(1,446,778)	-
Retained earnings (deficit) - End of year	(1,446,738)	40
	134,709,444	135,318,116

Approved by the Board of Directors

_______________ Director

_______________ Director

P.E.I. Lending Agency

Statement of Earnings

For the year ended March 31, 2006

	2006		2005
	Budgeted (Unaudited) $	**Actual $**	**Actual $**
Revenue			
Grants from Province	1,715,900	6,410,729	3,436,200
Interest from borrowers	9,577,220	9,430,948	9,328,971
Interest from deposits	25,000	29,786	27,166
Prepayment interest	-	10,792	22,927
Agricultural leases	50,000	19,758	62,571
Service fees	60,000	207,305	156,452
Post-receivership income	-	92,293	22,600
Gain on disposal of property holdings	-	-	85,162
	11,428,120	16,201,611	13,142,049
Expenses			
Office supplies and printing	23,100	15,682	18,350
Telecommunications	14,800	10,906	9,120
Rent and occupancy	107,800	105,042	102,312
Meetings and hosted conferences	4,000	5,074	5,460
Computer equipment	10,000	2,211	10,700
Advertising and promotion	3,000	8,690	3,738
Office equipment rentals	9,500	5,450	5,439
Library and subscriptions	1,200	1,008	1,372
Repairs and maintenance	6,000	139	-
Miscellaneous	1,500	8,600	3,219
Professional services	42,000	26,183	36,720
Salaries and benefits	872,800	726,145	853,053
Travel and training	39,600	16,722	20,799
Interest (note 11)	7,365,320	7,211,267	7,742,762
Provision for possible losses	2,927,500	9,505,270	4,329,005
	11,428,120	17,648,389	13,142,049
Excess expenses for the year	-	(1,446,778)	-

P.E.I. Lending Agency

Statement of Cash Flows

For the year ended March 31, 2006

	2006 $	2005 $
Cash provided by (used in)		
Operating activities		
Excess expenses for the year	(1,446,778)	-
Items not affecting cash		
Gain on disposal of property holdings	-	(85,162)
Provision on investment in private company preferred shares	517,000	-
	(929,778)	(85,162)
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(147,523)	249,751
Decrease in accounts payable and accrued liabilities	(13,967)	(176,192)
Increase in due from Province of Prince Edward Island - current operations	(2,060,000)	(2,917,744)
	(3,151,268)	(2,929,347)
Financing activities		
Decrease in leased property (net)	362,864	176,395
Decrease in loans receivable (net)	1,503,818	10,710,874
Decrease in due from Province of Prince Edward Island - allowance for possible losses	-	8,831,778
Increase in notes payable	14,000,000	24,100,000
Retirement of notes payable	(14,147,927)	(40,659,873)
Decrease in investment	790	30
Increase in due to Province of Prince Edward Island - alternative heating loan program	1,000,000	-
	2,719,545	3,159,204
Investing activities		
Additions to and purchases of property holdings	(1,473,057)	(5,172,403)
Reductions and proceeds on disposal of property holdings	1,580,628	5,788,314
	107,571	615,911
Change in cash	(324,152)	845,768
Cash - Beginning of year	1,008,776	163,008
Cash - End of year	684,624	1,008,776
Supplementary disclosure		
Interest and dividends received	9,482,090	9,434,269
Interest paid	7,104,152	7,964,160

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2006

1 Status of the corporation

P.E.I. Lending Agency is a Crown corporation established by a proclamation of the Lending Agency Act dated December 31, 1998. The Agency's financial results are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

a) Allowance for possible losses

An allowance is maintained which is considered adequate to absorb all credit losses and off-balance sheet items including guarantees. The allowance is deducted from the applicable asset on the balance sheet, except for guarantees. The general allowance for guarantees of $50,000 (2005 - $50,000) is included in accounts payable.

The allowance consists of specific and general provisions.

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions on loans receivable and leased property total $13,129,053 (2005 - $8,806,228).

The company reviews its loan portfolios and leased properties on an ongoing basis to assess whether a loan should be classified as impaired, or an allowance or write-off recorded.

A variety of methods are used to determine the amount expected to be recovered from impaired loans and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision on loans receivable and leased property of $4,239,026 (2005 - $2,487,931) includes accumulated allowances for losses which are prudential in nature and cannot be specifically identified. The general provision is based on past performance of similar loans, the level of the specific provision, management's judgement, the economic climate and the maturity and financial strength of the investee.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2006

b) Loans receivable

Working capital loans are issued to qualified lenders and are recorded at cost less an allowance for possible losses. These loans bear interest at the Toronto Dominion Bank prime rate plus 1% to 2 ¾% and are repayable at the end of each sector's operating season or specific project.

Mortgage loans consist of loans issued to Prince Edward Island enterprises for purposes of acquiring property and equipment. These loans are recorded at cost less an allowance for possible losses. These loans are issued at long-term interest rates and are repayable over various terms to a maximum of 20 years with interest rates ranging from 4% to 14%. Working capital loans specific to the 2004 Hog Consolidation Program were provided at Toronto Dominion Bank prime rate less .5% to prime plus 1%.

Interest income is recorded on the accrual basis until such time as the loan is classified as non-current. A loan is classified as non-current when the Corporation has been unsuccessful in its attempt to collect arrears payments or have the loan satisfied.

An impaired loan is a loan in arrears in excess of 120 days or where in management's opinion there is no longer reasonable assurance as to the timely collection of the full amount of the principal and interest.

c) Leased property

Leased property represents the cost to acquire agricultural property based on appraised market value at the inception of the lease less an allowance for possible losses. Operating leases are negotiated with the lessee for a maximum of 5 years at a rate of interest tied to commercial lending rates. The lease rates currently range from 7% to 8.5%. The lease may be renewed for one five-year term after which time the lessee must repurchase the property.

Lease income is recorded on an accrual basis until the lease is repaid or the property is transferred to property holdings - foreclosed projects. When a lease is in arrears in excess of 120 days or when in management's opinion there is no longer reasonable assurance of the timely collection of the full amount of principal and interest, the lease is classified as impaired.

d) Property holdings and amortization

Office furniture and equipment and computer equipment are fully expensed in the year of acquisition. The amount expensed during the year ended March 31, 2006 was $2,211 (2005 - $10,700).

Foreclosed projects are carried at the lower of cost of the impaired asset prior to realization of the related security and the underlying estimated realizable value of the security.

The reduction from cost to estimated realizable value is recorded as an allowance for possible losses.

P.E.I. Lending Agency
Notes to Financial Statements
March 31, 2006

e) Investment in private company

Investment in preferred shares of a private company is recorded at the lower of cost and estimated realizable value.

It is not practical within constraints of timelines and cost to determine the fair value of the investment as it is a closely held private company that has no organized financial market. The estimated realizable value of this investment is based on expected future cash flows.

The reduction from cost to estimated realizable value is recorded as an allowance for possible losses.

f) Pension liabilities

The Corporation's staff are members of the Province of Prince Edward Island pension plan. The pension plan obligation is a liability of the Province and not the Corporation and no liability for these costs has been accrued by the Corporation at March 31, 2006.

g) Estimated realizable value of financial instruments

Estimated realizable value (fair value) is subjective in nature requiring a variety of valuation techniques and assumptions. The company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their estimated realizable value. Where it is possible to estimate realizable value, the company assumes that it will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the estimated realizable value of the company's financial instruments. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

h) Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

P.E.I. Lending Agency

Notes to Financial Statements
March 31, 2006

3 Due from (to) the Province of Prince Edward Island

	2006 $	2005 $
Current operations		
Balance - Beginning of year	2,690,000	(227,744)
Repaid to (by) the province	(2,690,000)	227,744
Grant receivable	4,750,000	2,690,000
Balance - End of year	4,750,000	2,690,000
Allowance for possible losses		
Balance - Beginning of year	-	8,831,778
Less: payment during the year	-	(8,831,778)
Balance - End of year	-	-
Alternative Heating loan program		
Balance - Beginning of year	-	-
Advances received	1,000,000	-
Repaid to the province	-	-
Balance - End of year	1,000,000	-

During the 2006 year, the Province advanced funds to P.E.I. Lending Agency to be disbursed as unsecured loans administered by the company under the Alternative Heating Loan program. As at March 31, 2006, the company has disbursed $430,850 in loans approved by the Provincial Department of Energy at an interest rate of 6% with repayment terms varying from one to five years and collected principal repayments of $11,602.

Any principal repayments received on these loans plus any undisbursed program funds are to be repaid to the Province. Interest earned on the loans is revenue of the P.E.I. Lending Agency.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2006

4 Loans receivable

					2006	**2005**
		Impaired loans included in total	**Allowance for possible losses**			
	Total		**General**	**Specific**	**Net**	**Net**
	$	**$**	**$**	**$**	**$**	**$**
Working capital loans						
Agriculture	7,623,207	3,916,350	598,599	1,940,000	5,084,608	7,024,818
2003 Fur Program	-	-	-	-	-	529,188
Tourism	70,528	-	-	-	70,528	613,790
Manufacturing and processing	2,784,972	53,482	-	-	2,784,972	4,238,079
Fisheries	913,642	210,260	-	-	913,642	883,136
Aquaculture	6,097	-	-	-	6,097	5,698
Small business	20,019	-	-	-	20,019	104,542
Cranberry	-	-	-	-	-	138,543
Beef Cash Flow	268,659	17,459	-	-	268,659	211,329
Hog Program	6,958,394	-	-	-	6,958,394	7,841,159
Information technology	40,751	-	-	-	40,751	67,307
	18,686,269	4,197,551	598,599	1,940,000	16,147,670	21,657,589
Mortgage loans receivable						
Alternative Heating program	419,735	-	-	-	419,735	-
Agriculture	9,262,337	654,855	100,000	22,000	9,140,337	8,295,007
New farmer	-	-	-	-	-	33,721
Tourism	26,814,496	9,676,213	200,400	2,000,000	24,614,096	24,230,261
Manufacturing and processing	26,974,374	1,396,490	200,000	1,338,037	25,436,337	27,808,834
Fisheries	19,496,132	1,819,029	2,500,000	240,000	16,756,132	5,346,401
Aquaculture	119,427	119,427	-	85,000	34,427	156,609
Small business	11,024,533	-	100,000	-	10,924,533	10,864,279
Blueberry	8,288,973	2,927,497	450,000	2,110,000	5,728,973	8,146,424
Cranberry	2,367,026	1,621,578	50,000	1,150,000	1,167,026	1,611,687
Hog Programs	186,154	78,195	-	78,195	107,959	48,027
Aerospace	15,094,455	-	-	-	15,094,455	17,741,350
Information technology	-	-	-	-	-	1,402,712
Other	7,503,069	6,895,013	40,027	4,165,821	3,297,221	3,029,818
	127,550,711	25,188,297	3,640,427	11,189,053	112,721,231	108,715,130
	146,236,980	29,385,848	4,239,026	13,129,053	128,868,901	130,372,719

P.E.I. Lending Agency
Notes to Financial Statements
March 31, 2006

Continuity of allowance for possible losses

	2006 $	2005 $
Allowance for possible losses - Beginning of year	11,294,159	10,427,223
Add: Provision recorded during year	8,742,163	4,285,402
Less: Transferred to property holdings	(1,180,743)	(2,480,441)
Less: Loans written off during the year	(1,487,500)	(938,025)
Allowance for possible losses - End of year	17,368,079	11,294,159

5 Leased property

	2006					2005
		Impaired loans included	Allowance for possible losses			
	Total $	in total $	General $	Specific $	Net $	Net $
Agricultural leases	232,536	-	-	-	232,536	595,400

Continuity of allowance for possible losses

	2006 $	2005 $
Allowance for possible losses - Beginning of year	-	96,000
Less: Transferred to property holdings	-	(96,000)
Allowance for possible losses - End of year	-	-

6 Property holdings

	2006 $	2005 $
Foreclosed projects - land, buildings and equipment held for resale	1,057,942	1,118,449
Less: Allowance for possible losses	(1,039,781)	(992,717)
	18,161	125,732

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2006

Continuity of allowance for possible losses

	2006 $	2005 $
Allowance for possible losses - Beginning of year	992,717	2,276,867
Add: Provision recorded during year	246,107	43,603
Add: Transferred from loans receivable	1,193,000	2,480,441
Add: Transferred from leased property	-	96,000
Less: Write-offs	(1,392,043)	(3,904,194)
Allowance for possible losses - End of year	1,039,781	992,717

7 Investment in private company preferred shares

	2006 $	2005 $
Investment in preferred shares	521,152	521,942
Less: Allowance for possible losses	(517,000)	-
	4,152	521,942

Continuity of allowance for possible losses

	2006 $	2005 $
Allowance for possible losses - Beginning of year	-	-
Add: Provision recorded during year	517,000	-
Allowance for possible losses - End of year	517,000	-

P.E.I. Lending Agency

Notes to Financial Statements
March 31, 2006

8 Notes payable

	2006 $	2005 $
Short-term promissory notes	5,900,010	11,100,010
Long-term	128,698,884	123,646,810
	134,598,894	134,746,820

Short-term promissory notes are issued to the Province of Prince Edward Island with interest set monthly based on the Province's short-term lending rate in existence at the first day of the month. These notes are renewed on an ongoing basis with interest payable monthly.

The notes payable - long-term are issued to the Province of Prince Edward Island and have various repayment terms and interest rates ranging from 4.43% to 6.69%.

The aggregate amount of principal payments required in each of the next five years to meet retirement provisions is as indicated below. Certain notes becoming due during the next five years have been assumed to be refinanced under similar terms:

	$
Year ending March 31, 2007	9,067,431
2008	9,536,641
2009	8,536,809
2010	7,358,853
2011	4,431,364

9 Contingent liabilities

a) As of March 31, 2006, P.E.I. Lending Agency was contingently liable under a loan guarantee on behalf of a development company in the amount of $49,437 (2005 - $65,949) for which P.E.I. Lending Agency has included $50,000 in its allowance for possible losses. This portion of the allowance for possible losses is included in accounts payable. The guarantee is secured by a realty mortgage, and proceeds from liquidation are expected to cover the remaining amount of the guarantee.

b) A counterclaim has been commenced against P.E.I. Lending Agency by two individuals in response to an action against these individuals for a deficiency remaining after realization on collateral held by the P.E.I. Lending Agency. The counterclaim seeks special and general damages of an unspecified amount, as well as punitive damages and costs.

The claim and counterclaim are presently ongoing, however, management has determined that no liability is likely to arise as a result of this counterclaim.

P.E.I. Lending Agency

Notes to Financial Statements

March 31, 2006

10 Commitments

The P.E.I. Lending Agency new loans approved but not disbursed at March 31, 2006 amount to $4,637,600 (2005 - $3,394,950).

11 Related party transactions

Balance Sheet

Included in accounts receivable is $149,557 (2005 - nil) due from a department of the Province of Prince Edward Island.

Included in accounts payable and accrued liabilities is $453,534 (2005 - $346,419) in accrued interest payable to the Province of Prince Edward Island.

Statement of earnings

Included in expenses is the following in interest paid/payable to the Province of Prince Edward Island:

	2006 $	2005 $
Interest on long-term borrowings	6,939,139	7,378,924
Interest on short-term notes payable	272,128	363,838
	7,211,267	7,742,762

The above transactions were recorded in the normal course of operations.

12 Operating lease

The minimum annual lease payment required in the next year under an operating lease expiring September 30, 2006 is $41,123 in base rent plus common area expenses of approximately $60,000 annually.

P.E.I. Lending Agency
Notes to Financial Statements
March 31, 2006

13 Interest rate risk

The following table sets out the assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the Agency's interest rate risk position is limited by the fact that borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing date. Examples of this include mortgages, which are shown at contractual maturity but which could prepay earlier.

	Within 1 year $	After 1 year but within 5 years $	After 5 years $	Not interest rate sensitive $	Provision for possible losses $	Total $
Assets						
Cash	684,624	-	-	-	-	684,624
Accounts receivable	-	-	-	151,070	-	151,070
Due from Province of Prince Edward Island	-	-	-	4,750,000	-	4,750,000
Loans receivable	33,787,375	90,939,644	21,509,961	-	(17,368,079)	128,868,901
Leased property	232,536	-	-	-	-	232,536
Property holdings	-	-	-	1,057,942	(1,039,781)	18,161
Investment	-	-	521,152	-	(517,000)	4,152
Total assets	34,704,535	90,939,644	22,031,113	5,959,012	(18,924,860)	134,709,444
Liabilities and surplus						
Accounts payable and accrued liabilities	-	-	-	507,288	50,000	557,288
Due to Province of Prince Edward Island	-	-	-	1,000,000	-	1,000,000
Notes payable	22,029,918	96,474,641	16,094,335	-	-	134,598,894
Deficit	-	-	-	(1,446,738)	-	(1,446,738)
Total liabilities and surplus	22,029,918	96,474,641	16,094,335	60,550	50,000	134,709,444
Interest rate sensitivity gap	12,674,617	(5,534,997)	5,936,778	5,898,462	(18,974,860)	-
Cumulative interest rate sensitivity gap	12,674,617	7,139,620	13,076,398	18,974,860	-	-

PRINCE EDWARD ISLAND

LIQUOR CONTROL COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Liquor Control Commission

I have audited the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 2006 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 26, 2006

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

AS AT MARCH 31, 2006

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash	$ 746,966	$1,321,989
Accounts receivable	234,677	305,817
Inventories - Note 1(b)	2,528,409	2,633,280
Prepaid expenses	75,455	65,422
	3,585,507	4,326,508
Capital assets - Notes 1(a) and 2	3,846,466	4,294,742
	$7,431,973	$8,621,250
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals - General	$ 930,675	$1,615,522
- Province of P.E.I.	57,062	220,366
Debentures payable - current portion - Note 4	732,804	666,039
Due to the Province of PEI - net income - Note 1(c)	1,960,406	1,935,492
	3,680,947	4,437,419
LONG TERM LIABILITIES		
Debentures payable - Note 4	3,751,026	4,183,831
	$7,431,973	$8,621,250

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER: ______________________

COMMISSIONER: ______________________

STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2006

			2006		2005
SALES			$74,008,804		$70,967,804
Less:	Provincial Health Tax	$12,798,089		$12,255,953	
	Provincial Sales Tax	5,563,322		5,344,399	
	Federal Goods & Services Tax	4,561,902	22,923,313	4,406,805	22,007,157
NET SALES			51,085,491		48,960,647
COST OF GOODS SOLD			29,743,501		28,617,562
GROSS PROFIT			21,341,990		20,343,085
EXPENSES					
Amortization		931,280		916,058	
Insurance and taxes		184,300		187,319	
Interest on long-term debt		296,284		329,858	
Leases - Note 3		771,598		882,997	
Other operating expenses		759,740		742,038	
Repairs and maintenance		509,298		509,762	
Salaries and benefits - Note 5		6,491,890		6,454,130	
Store and office expenses		318,482		277,842	
Travel		110,968		111,957	
Utilities		637,400	11,011,240	624,144	11,036,105
			10,330,750		9,306,980
OTHER INCOME			1,739,378		1,621,313
NET INCOME - Note 1(c)			$12,070,128		$10,928,293

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
Cash provided by (used for):		
OPERATING ACTIVITIES		
Net income for the year	$12,070,128	$10,928,293
Amounts charged against income not requiring an outlay of cash:		
Amortization	931,280	916,058
	13,001,408	11,844,351
Changes in non-cash working capital:		
(Increase) Decrease in accounts receivable	71,140	(102,361)
(Increase) Decrease in inventories	104,871	26,415
(Increase) Decrease in prepaid expenses	(10,033)	13,603
Increase (Decrease) in accounts payable	(848,151)	817,166
Net cash provided by operating activities	12,319,235	12,599,174
FINANCING ACTIVITIES		
Cash payments to Provincial Treasury	(12,045,215)	(11,450,993)
Loans from Province	300,000	300,000
Debenture repayment	(666,039)	(772,411)
Net cash used for financing activities	(12,411,254)	(11,923,404)
INVESTING ACTIVITIES		
Acquisition of capital assets	(483,004)	(208,670)
Increase (Decrease) in cash	(575,023)	467,100
Cash at beginning of year	1,321,989	854,889
Cash at end of year	$ 746,966	$ 1,321,989

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. **Summary of significant accounting policies**

(a) Capital Assets
Capital assets are stated at cost less accumulated amortization. Amortization of buildings, furniture and equipment and leasehold improvements are calculated on a straight-line basis at the rates indicated in Note 2.

(b) Inventories
Inventories are valued at the lower of first-in, first-out cost and net realizable value.

(c) Net Income
All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Operating Fund on a continuing basis as excess cash becomes available.

2. **Capital Assets**

		2006			2005
	Amortization Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land		$ 85,537	$ -	$ 85,537	$ 85,537
Buildings	5%	4,493,527	2,940,577	1,552,950	1,479,347
Equipment	10 & 20%	1,344,909	1,199,627	145,282	90,672
Vehicles	30%	100,850	75,637	25,213	55,468
Leasehold Improvements	10%	4,142,555	2,470,206	1,672,349	1,844,077
Financial Information System	20%	1,962,714	1,597,579	365,135	739,641
		$12,130,092	$8,283,626	$3,846,466	$4,294,742

3. **Leases**

The Prince Edward Island Liquor Control Commission leases various pieces of computer hardware and software as well as 13 retail outlets which have maturity dates between fiscal 2007 and 2018. Future minimum lease payments are as follows:

Fiscal Years	Amount
2007	$ 578,361
2008	459,197
2009	421,984
2010	352,024
2011	349,887
2012-2018	1,280,332
	$3,441,785

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2006

4. Debentures Payable - Province of Prince Edward Island

	Balance March 31, 2006	Less Current Portion	Long Term Liability
Cornwall Repayable in equal annual installments of $35,184 including interest @ 6.75% per annum, maturing December 10, 2006.	$ 32,959	$ 32,959	$ -
Stratford Repayable in equal annual installments of $40,415 including interest @ 7.375% per annum, maturing February 10, 2007.	37,639	37,639	-
Borden-Carleton Repayable in equal annual installments of $37,442 including interest @ 5.74% per annum, maturing January 21, 2008.	68,896	33,487	35,409
Kensington Repayable in equal annual installments of $49,143 including interest @ 6.70% per annum, maturing November 8, 2009.	167,592	37,915	129,677
North Rustico Repayable in equal annual installments of $38,936 including interest @ 6.79% per annum, maturing March 24, 2010.	132,512	29,938	102,574
Charlottetown (Oak Tree) Repayable in equal annual installments of $197,398 including interest @ 6.79% per annum, maturing March 24, 2010.	671,811	151,782	520,029
Cardigan Repayable in equal annual installments of $55,381 including interest @ 6.40% per annum, maturing February 16, 2011.	230,771	40,612	190,159
Summerside (Waterfront) Repayable in equal annual installments of $88,042 including interest @ 6.77% per annum, maturing July 18, 2011.	422,653	59,429	363,224

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2006

4. Debentures Payable - Province of Prince Edward Island (continued)

	Balance March 31, 2006	Less Current Portion	Long Term Liability
Financial Information System Repayable in equal annual installments of $195,599 including interest @ 6.57% per annum, maturing March 28, 2012.	944,834	133,523	811,311
Wood Islands Repayable in equal annual installments of $33,052 including interest @ 5.85% per annum, maturing November 27, 2012.	185,494	22,200	163,294
Charlottetown (Queen Street) Repayable in equal annual installments of $60,016 including interest @ 5.61% per annum, maturing August 1, 2013.	378,508	38,782	339,726
Tignish Repayable in equal annual installments of $99,684 including interest @ 5.40% per annum, maturing January 9, 2014.	633,990	65,449	568,541
Charlottetown (Head Office) Repayable in equal annual installments of $38,889 including interest @ 5.02% per annum, maturing March 7, 2015.	276,171	25,025	251,146
Sherbrooke Repayable in equal annual installments of $38,493 including interest @ 4.81% per annum, maturing February 28, 2016.	300,000	24,064	275,936
	$4,483,830	$732,804	$3,751,026

The total principal repayment for the next five years is as follows:

2007	$ 732,804
2008	703,824
2009	710,642
2010	755,563
2011	517,872
Total	$3,420,705

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2006

5. Pension and Other Employee Benefits

Employees of the Prince Edward Island Liquor Control Commission are members of the Prince Edward Island Civil Service Superannuation Plan. Other employee benefits and the employer's share of the plan benefits plus any additional future actuarial liabilities are assumed by the Province of P.E.I. and are not reflected in the Commission's financial statements.

6. Fair Value of Financial Instruments

The fair value of the Commission's cash, accounts receivable, accounts payable and accruals, debentures payable and due to the Province approximates their carrying amounts.

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To the Members of the
Prince Edward Island Lotteries Commission

I have examined the balance sheet of the Prince Edward Island Lotteries Commission as at March 31, 2006 and the statement of operations for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 30, 2006

STATEMENT 1

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

BALANCE SHEET

MARCH 31, 2006

	2006	2005
ASSETS		
CURRENT ASSETS		
Accounts Receivable:		
Atlantic Lottery Corporation Inc.	$ 526,406	$ -
Province of Prince Edward Island	1,675,715	185,763
	2,202,121	185,763
OTHER ASSETS		
Share in Atlantic Lottery Corporation Inc. - at cost	100	100
Share in Interprovincial Lottery Corporation - at cost	1	1
	101	101
	$2,202,222	$185,864
LIABILITIES AND CONTRIBUTED SURPLUS		
CURRENT LIABILITIES		
Accounts Payable:		
Atlantic Lottery Corporation Inc.	$ -	$185,763
P.E.I. Business Development Inc. - Note 4	2,099,454	-
City of Charlottetown - Note 5	102,667	-
	2,202,121	185,763
CONTRIBUTED SURPLUS - Note 2	101	101
	$2,202,222	$185,864

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

STATEMENT 2

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2006

	2006	2005
REVENUE		
Distribution of Atlantic Lottery Corporation Inc. net profit:		
Net profit from lottery ticket sales - Note 1	$ 5,419,842	$ 5,500,980
Net profit from video lottery sales - Note 1	11,555,775	11,993,095
Charlottetown Driving Park Entertainment Centre net loss - Note 3	(2,441,830)	-
	$14,533,787	$17,494,075
EXPENSES		
Remittance to Province of Prince Edward Island	12,159,499	16,555,475
Financial assistance to P.E.I. Harness Racing Industry Association - Note 4	2,099,454	933,600
Grant to City of Charlottetown - Note 5	265,334	-
Honoraria	9,500	5,000
	14,533,787	17,494,075
EXCESS OF REVENUE OVER EXPENSES	$ -	$ -

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. Description of Business

The Government of Prince Edward Island operates no lotteries but the Province, through its ownership of the Prince Edward Island Lotteries Commission, is a shareholder in the Atlantic Lottery Corporation Inc. (ALC) and in the Interprovincial Lottery Corporation. The ALC is jointly owned by the four Atlantic Provinces or their lottery agencies, and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. The ALC also markets and handles regionally the products of the Interprovincial Lottery Corporation, which is jointly owned by the ten Canadian provinces. Investments in the ALC and in the Interprovincial Lottery Corporation are carried at cost, and their net profits are distributed to the shareholders.

The ALC's profit is distributed to each of the four Atlantic Provinces or their lottery agencies. The distribution to each province consists of the calculated profit in each province as determined by the Amended and Restated Unanimous Shareholders' Agreement.

2. Contributed Surplus

Contributed surplus represents amounts paid by the Province of Prince Edward Island on behalf of the Prince Edward Island Lotteries Commission to the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation in exchange for share capital.

3. Charlottetown Driving Park Entertainment Centre

The Prince Edward Island Lotteries Commission has entered into an agreement with the Atlantic Lottery Corporation Inc. (ALC), whereby the ALC constructed and operates the Charlottetown Driving Park Entertainment Centre (CDPEC). The ALC is recovering its debt amortization costs through depreciation charges which, along with the CDPEC's other costs, are ultimately the Commission's responsibility. The ALC's consolidated financial statements report the CDPEC's capital assets net book value of $24,287,000 as at March 31, 2006.

The Charlottetown Driving Park Entertainment Centre commenced operations on August 11, 2005, and incurred a $2,441,830 net loss during the period from August 11, 2005 to March 31, 2006.

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2006

4. Financial Assistance to P.E.I. Harness Racing Industry Association

Financial assistance to the P.E.I. Harness Racing Industry Association for the year ended March 31, 2005 consisted of a $933,600 grant to the Association, funded from the Province of Prince Edward Island's share of the Atlantic Lottery Corporation Inc. (ALC) net profit. During the year ended March 31, 2006, assistance was funded by a loan from Prince Edward Island Business Development Inc. (PEIBDI) to the Association. This loan, which bears interest at the rate of TD Bank prime plus 3% per annum, is secured by a promissory note from the Association, and an Undertaking to Pay from the Provincial Treasurer which states that revenues received from the Charlottetown Driving Park Entertainment Centre will be used to retire this debt.

The loan balance as of March 31, 2006 totalled $2,099,454, consisting of the principal amount of $2,000,000, plus interest charges of $99,454. No repayment of principal or interest had occurred as of June 22, 2006, on which date the Executive Council of the Province of Prince Edward Island authorized the Provincial Treasurer to provide sufficient funds from the Province's share of the ALC net profit to repay this loan.

5. Grant to City of Charlottetown

The grant to the City of Charlottetown is pursuant to an arrangement between the City and the Province of Prince Edward Island, whereby the City will receive $400,000 per annum for ten years beginning with the year ended December 31, 2005. This amount is subject to adjustment when the Charlottetown Driving Park Entertainment Centre operates less than 300 days in a given year.

6. Cash Flow Statement

A cash flow statement has not been included in these financial statements. All cash receipts and disbursements flow through the bank account held by the Province of Prince Edward Island, and cash flow activity is reflected in the Commission's receivable from the Province. Therefore, the presentation of cash flows in a separate financial statement is not considered necessary.

7. Financial Instruments

The fair value of the Commission's receivables and payables approximate their carrying values.

PENSION PLAN FOR MEMBERS OF THE LEGISLATIVE ASSEMBLY OF PRINCE EDWARD ISLAND

FINANCIAL STATEMENTS

DECEMBER 31, 2005

AUDITOR'S REPORT

Honourable P. Mitchell Murphy
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island as at December 31, 2005 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Provincial Treasurer. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 26, 2006

STATEMENT 1

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT DECEMBER 31, 2005

	2005	2004
ASSETS		
Cash	$ 24,324	$ 29,542
Receivables		
Contributions receivable from members	6,680	6,119
Other	40,292	35,997
	71,296	71,658
Investments - Notes 2(a) and 3	21,966,927	21,062,458
TOTAL ASSETS	22,038,223	21,134,116
LIABILITIES		
Accounts payable	56,780	62,824
NET ASSETS AVAILABLE FOR BENEFITS - STATEMENT 2	$21,981,443	$21,071,292

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
INCREASE IN ASSETS		
Investment income		
Interest	$ 403,880	$ 398,080
Dividends	286,764	213,030
	690,644	611,110
Market value increase - Note 2(a)	1,421,893	1,194,780
Contributions - Note 5		
By Members	123,755	123,813
By Province of Prince Edward Island	-	-
	123,755	123,813
TOTAL INCREASE IN ASSETS	2,236,292	1,929,703
DECREASE IN ASSETS		
Benefits administration expenses	57,619	57,493
Investment management expenses	74,994	64,784
Pension benefits paid	1,193,528	1,159,659
Termination of service benefit paid	-	46,739
TOTAL DECREASE IN ASSETS	1,326,141	1,328,675
INCREASE IN NET ASSETS	910,151	601,028
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	21,071,292	20,470,264
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$21,981,443	$21,071,292

(The accompanying notes are an integral part of these financial statements.)

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

1. Description of Plan

The following description of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island is a summary only. For more complete information, reference should be made to the Full Plan Text.

a) General

The Pension Plan for Members of the Legislative Assembly is a contributory defined benefit plan for Members of the Legislative Assembly of Prince Edward Island.

The Legislative Assembly Act provides for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip and Opposition Whip.

b) Pension Benefits

(I) Service Prior to July 1, 1994

Any Member is entitled to a pension upon ceasing to be a Member or upon attaining the age of 50 years, whichever is later.

Annual Members' pensions are equal to the lesser of 75% of contributions and the average annual indemnity during the last five years of service. Annual Ministers' pensions are equal to the lesser of 75% of contributions as a Minister or one half of the highest annual salary as a Minister.

(ii) Service Subsequent to June 30, 1994

The normal retirement date for any participant is the date of attaining the age of 60 years, or on which the participant's age plus years of continuous service after June 30, 1994 equals 80 years, whichever is earlier.

A plan amendment effective April 1, 2005 provides the equivalent of an unreduced pension upon attaining the age of 55 years. The additional cost resulting from this plan amendment is to be paid from the supplementary non-registered pension plan (see note 6).

Participants who elect to retire early may receive a reduced pension upon attaining the age of 50 years.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2005

1. **Description of Plan**

b) Pension Benefits

(ii) Service Subsequent to June 30, 1994 (continued)

Pensions for participants who retired prior to April 1, 2001 are calculated as follows:

(A) Monthly Members' pensions are equal to 2% of the average monthly indemnity received as a Member, excluding allowances, during the 36 consecutive calendar months, or less if there are less than 36 months, which produce the greatest average, multiplied by the number of years of continuous service as a Member after June 30, 1994.

(B) Monthly Ministers' pensions are equal to 2% of the average monthly salary received as a Minister during the 36 consecutive calendar months, or less if there are less than 36 months, which produce the greatest average, multiplied by the number of years of continuous service as a Minister after June 30, 1994. The definition of Minister includes non-Ministerial service to the executive branch of government in addition to service as a Member.

On June 28, 2001 the Indemnities and Allowances Commission approved a new plan design which provides for annual pensions for participants who retire on or after April 1, 2001 to be calculated as follows:

(A) two percent of:

(1) the average annual indemnity received as a Member during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of service as a Member during the period from June 30, 1994 to March 31, 2001, plus

(2) the average annual salary received as a Minister during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of service as a Minister during the period from June 30, 1994 to March 31, 2001, plus

(3) for every appointment of paid non-Ministerial service to the executive branch of government in addition to service as a Member, the average annual salary received for such service during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of such service during the period from June 30, 1994 to March 31, 2001, plus

(B) twenty-five percent of the required contributions made by the participants commencing April 1, 2001, indexed annually by the percentage increase in the Consumer Price Index, subject to a maximum increase of 8% per annum.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2005

1. Description of Plan

b) Pension Benefits (continued)

Post retirement pensions are increased annually by an amount equal to the percentage increase in the Consumer Price Index, less 2% per annum, to a maximum of 8% per annum.

c) Death Benefits

Reduced benefits are payable to a surviving spouse or any dependent children upon the death of a participant.

In the event of the pre-retirement death of a participant having no surviving spouse or dependent children, an amount equal to the actuarial present value of the earned pension will be paid in a cash lump sum to the designated beneficiary or to the participant's estate.

d) Termination of Service Benefits

Any participant ceasing to be a Member of the Legislative Assembly prior to retirement or death may elect to leave the pension in the Plan or transfer the value of the pension to another prescribed retirement savings or pension plan.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles, and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province of Prince Edward Island and the Plan participants. They are prepared to assist in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual participants. The following accounting policies are considered significant.

a) Investments

With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

Changes in the market value of investments, including realized and unrealized gains resulting from changes in foreign exchange, are reflected in the financial statements as a market value adjustment.

b) Investment Transactions

Investment transactions are recorded on the settlement date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Distributions are recognized on the record date.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2005

3. Investments

a) Investments as of December 31, 2005 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$21,966,438
Cash held for investment	489
	$21,966,927

The investments of the Civil Service Superannuation Fund, the Pension Plan for Members of the Legislative Assembly of Prince Edward Island, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Each fund holds units in the Master Trust. As of December 31, 2005 there were 738,063.410 units held in the Master Trust, of which the Pension Plan for Members of the Legislative Assembly of Prince Edward Island held the following:

Number of units held	18,380.840
Market value per unit	$1,195.0726
Market value of units held	$21,966,438

Investments of the Master Trust as of December 31, 2005 are as follows:

Canadian T-bills	$ 9,780,995
Other liquid assets	599,980
Bonds, debentures and notes	294,604,376
Canadian equity securities	335,043,409
Foreign equity securities	236,128,712
Accrued income receivable	3,416,532
Real estate	2,465,339
	$882,039,343

The investments totalling $882,039,343 include amounts which Master Trust fund managers have invested in their own pooled funds. The December 31, 2005 market values of these investments are as follows:

Beutel, Goodman & Company Ltd.	$ 22,822,514
Northwater Capital Management Inc.	101,434,335
Templeton Management Limited	110,094,634
	$234,351,483

PENSION PLAN FOR MEMBERS OF THE LEGISLATIVE ASSEMBLY OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2005

3. Investments (continued)

b) Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of future changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The policy of the Master Trust is to invest in a diversified portfolio of investments based on criteria established in the Statement of Investment Policies and Procedures.

4. Obligations for Pension Benefits for Accounting Purposes

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method pro rated on service. The December 31, 2005 accrued pension obligation shown below is based on management's extrapolation of the actuarial valuation as of April 1, 2003 which was prepared by Morneau Sobeco, a firm of consulting actuaries. These accrued pension benefits and the surplus as of December 31, 2005, and the principal components of changes during the year then ended are as follows:

Actuarial present value of accrued pension benefits - December 31, 2004	$14,572,865
Current period benefit cost	262,886
Interest accrued on benefits	1,114,496
Retirement benefits paid	(1,193,528)
Actuarial present value of accrued pension benefits - December 31, 2005	14,756,719
Net assets available for benefits	21,981,443
Surplus - December 31, 2005	$ 7,224,724

The economic assumptions used in determining the actuarial present value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions used in the April 1, 2003 valuation were:

Asset rate of return	7.90% per annum
Inflation	2.50% per annum
Pension cost of living increases:	
Pre-retirement (full Consumer Price Index increase)	2.50% per annum
Post retirement (Consumer Price Index increase, less 2.00%)	0.50% per annum

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2005

4. Obligations for Pension Benefits for Accounting Purposes (continued)

The most recent actuarial valuation for accounting purposes prepared by Morneau Sobeco disclosed a $7,377,100 surplus as of April 1, 2006. Significant long term actuarial assumptions used in this valuation were:

Asset rate of return	7.63% per annum
Inflation	2.75% per annum
Pension cost of living increases:	
Pre-retirement (full Consumer Price Index increase)	2.75% per annum
Post retirement (Consumer Price Index increase, less 2.00%)	0.75% per annum

The consolidated financial statements of the Province of Prince Edward Island record the pension obligation using the estimated surplus for accounting purposes.

5. Funding Policy

Participants' contributions are set at 8% of remuneration, excluding allowances. The Province of Prince Edward Island is required to provide whatever level of funding is required, as determined by the Plan's actuary. The Province's funding policy during the period from when the Plan was established up to December 31, 2003, was to match participants' contributions. The Province ceased contributing to the Plan effective January 1, 2004.

The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of January 1, 2003. This valuation disclosed a $3,778,000 surplus as at January 1, 2003.

6. Supplementary Plan

These financial statements do not include the financial activities of a supplementary non-registered pension plan for MLAs holding office after June 30, 1994, which has three components, the benefits of which are paid out of the Province of Prince Edward Island consolidated fund:

a) Benefit Pertaining to Indemnity and Salary

Pension benefits financed entirely by the Province of Prince Edward Island without contributions from participants are calculated on the indemnity received as a Member, the salary received as a Minister, and the salary received for non-Ministerial service to the executive branch of government. The amount of benefits is approximately equal to those benefits provided by the Pension Plan for Members of the Legislative Assembly of Prince Edward Island.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2005

6. **Supplementary Plan (continued)**

b) Benefit Pertaining to Non-Taxable Expense Allowance

Effective April 1, 2004, pensionable earnings include the non-taxable expense allowance (excluding any vehicle or mileage allowance) paid to participants. Participants' contributions, which are paid to the Province of Prince Edward Island, are calculated at eight percent of the non-taxable expense allowance, and annual benefits are calculated at twenty-five percent of contributions. The Province of Prince Edward Island is wholly responsible for any unfunded liability.

and

c) Benefit Respecting Early Retirement Pension Reduction under Pension Plan for Members of the Legislative Assembly of Prince Edward Island

A plan amendment effective April 1, 2005 provides the equivalent of an unreduced pension under the registered portion of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island (the "Registered Plan") upon attaining the age of 55 years. In order to comply with federal income tax legislation regarding registered pension plans which requires a reduction of benefits for any participant retiring before age 60 whose age plus years of service equals less than 80 years, and yet provide the equivalent of an unreduced pension upon attaining the age of 55 years, the amount of any required benefit reduction pertaining to early retirement between the ages of 55 and 60 years is to be deducted from benefits paid under the Registered Plan, and added to benefits paid under the supplementary non-registered pension plan. This benefit is financed entirely by the Province of Prince Edward Island without contributions from participants.

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method pro rated on service. The December 31, 2005 accrued pension obligation shown below is based on management's extrapolation of the actuarial valuation as of April 1, 2003 which was prepared by Morneau Sobeco, a firm of consulting actuaries. These accrued pension benefits and the unfunded liability as of December 31, 2005, and the principal components of changes during the year then ended are as follows:

Actuarial present value of accrued pension benefits - December 31, 2004	$3,235,178
Current period benefit cost	397,054
Interest accrued on benefits	274,154
Retirement benefits paid	(90,912)
Prior period cost of plan amendment effective April 1, 2005	82,052
Actuarial present value of accrued pension benefits (unfunded liability) - December 31, 2005	$3,897,526

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2005

6. Supplementary Plan (continued)

The economic assumptions used in determining the actuarial present value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions regarding pension cost of living increases used in the April 1, 2003 valuation were:

Pre-retirement (full Consumer Price Index increase)	2.50% per annum
Post retirement (Consumer Price Index increase, less 2.00%)	0.50% per annum

The most recent actuarial valuation for accounting purposes prepared by Morneau Sobeco disclosed a $4,042,300 unfunded liability as of April 1, 2006. Significant long term actuarial assumptions regarding pension cost of living increases used in this valuation were:

Pre-retirement (full Consumer Price Index increase)	2.75% per annum
Post retirement (Consumer Price Index increase, less 2.00%)	0.75% per annum

The consolidated financial statements of the Province of Prince Edward Island record the pension obligation using the estimated unfunded liability for accounting purposes.

PRINCE EDWARD ISLAND

MUSEUM AND HERITAGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To The Board of Governors of the
Prince Edward Island Museum and Heritage Foundation

I have audited the balance sheet of the Prince Edward Island Museum and Heritage Foundation as at March 31, 2006 and the statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 27, 2006

STATEMENT 1

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 2006

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Publishing Trust Fund	2006 Total	2005 Total
ASSETS						
Current						
Cash	$ 9,056	$ 1,291	$ 501	$ 5	$ 10,853	$ 68,687
Short Term Investments - (Note 3)	64,473	-	-	-	64,473	83,135
Accounts Receivable						
- General	17,806	170	1,525	-	19,501	12,436
- Province of PEI	50,107	-	-	-	50,107	25,000
Amounts Due Between Funds - (Note 9)	(13,970)	(987)	-	14,957	-	-
Inventory - (Notes 2 & 4)	36,817	-	-	-	36,817	44,341
Prepaid expenses	8,375	-	-	-	8,375	3,336
	172,664	474	2,026	14,962	190,126	236,935
Long Term						
Investments - (Notes 2 & 10)	6	128,695	511,965	21,250	661,916	617,577
Land, Buildings and Equipment - (Notes 2 & 7)	21,609	-	-	-	21,609	26,602
Artifacts - (Note 2)	1	-	-	-	1	1
	21,616	128,695	511,965	21,250	683,526	644,180
	$194,280	$129,169	$513,991	$36,212	$873,652	$881,115
LIABILITIES AND FUND BALANCES						
Current						
Accounts Payable						
- General	$ 97,468	$ -	$ -	$ -	$ 97,468	$ 98,313
- Province of PEI	87,230	-	-	-	87,230	32,457
Deferred revenue	103,884	-	-	-	103,884	109,918
	288,582	-	-	-	288,582	240,688
Fund Balances - Statement 2						
Invested in Capital Assets	21,610	-	-	-	21,610	26,603
Externally Restricted - (Note 5)	-	129,169	513,991	-	643,160	638,429
Internally Restricted	64,945	-	-	36,212	101,157	34,906
Unrestricted	(180,857)	-	-	-	(180,857)	(59,511)
	(94,302)	129,169	513,991	36,212	585,070	640,427
	$194,280	$129,169	$513,991	$36,212	$873,652	$881,115

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: ____________________

DIRECTOR: ____________________

STATEMENT 2

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2006

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Publishing Trust Fund	2006 Total	2005 Total
REVENUES						
Provincial Grants - (Note 6)	$ 998,323	$ -	$ -	$ -	$ 998,323	$ 850,688
Federal Grants - (Note 11)	48,984	-	-	-	48,984	179,867
Memberships and Donations	38,019	-	500	-	38,519	26,812
Admissions and House Events	166,243	-	-	-	166,243	166,417
Publishing Sales	16,784	-	-	-	16,784	12,987
Investment Income	(1,709)	5,499	18,719	1,306	23,815	29,333
Other	43,447	-	-	-	43,447	62,569
	1,310,091	5,499	19,219	1,306	1,336,115	1,328,673
EXPENDITURES						
Amortization	12,020	-	-	-	12,020	17,777
Artifact Collection and Equipment	5,230	-	-	-	5,230	2,360
Bad Debts	103	-	-	-	103	13,180
Federal Projects - (Note 11)	55,746	-	-	-	55,746	109,320
Insurance, Taxes and Interest	22,436	-	-	-	22,436	24,844
Office and General	108,019	987	-	-	109,006	107,775
Public Programme	32,538	-	-	-	32,538	63,009
Publishing	28,849	-	12,000	-	40,849	72,884
Repairs and Maintenance	24,984	-	7,000	-	31,984	42,291
Travel	10,468	-	-	-	10,468	8,588
Utilities	72,292	-	-	-	72,292	75,820
Wages and Employee Benefits - (Note 8)	998,800	-	-	-	998,800	858,458
	1,371,485	987	19,000	-	1,391,472	1,396,306
Net Income (Loss) for the Year	(61,394)	4,512	219	1,306	(55,357)	(67,633)
Fund Balance, Beginning of Year	(32,908)	124,657	513,772	34,906	640,427	708,060
Fund Balance, End of Year	$ (94,302)	$129,169	$513,991	$36,212	$ 585,070	$ 640,427

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Publishing Trust Fund	2006 Total	2005 Total
SOURCES OF CASH						
Provincial Grants	$1,027,989	$ -	$ -	$ -	$1,027,989	$ 795,688
Federal Grants	57,138	-	-	-	57,138	(99,846)
Memberships and Donations	38,209	-	500	-	38,709	27,137
Operating Activities	197,684	-	-	-	197,684	498,982
Investment Income	1,664	7,181	20,910	594	30,349	26,571
	1,322,684	7,181	21,410	594	1,351,869	1,248,532
USES OF CASH						
Investment (Increase) Decrease	18,662	(30,487)	(5,261)	(8,591)	(25,677)	173,332
Inventory (Increase) Decrease	496	-	-	-	496	8,918
Prepaid Expense (Increase) Decrease	(5,039)	-	-	-	(5,039)	(2,283)
Salaries	(998,800)	-	-	-	(998,800)	(858,458)
Other Operating Costs	(380,683)	-	-		(380,683)	(554,453)
	(1,365,364)	(30,487)	(5,261)	(8,591)	(1,409,703)	(1,232,944)
Cash Flow from Operations and Investment	(42,680)	(23,306)	16,149	(7,997)	(57,834)	15,588
Cash Flows Interfund Transactions	19,000	-	(19,000)	-	-	-
Balance, Beginning of Year	32,736	24,597	3,352	8,002	68,687	53,099
Balance, End of Year	$ 9,056	$ 1,291	$ 501	$ 5	$ 10,853	$ 68,687

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

1. Purpose of the Organization

The Prince Edward Island Museum and Heritage Foundation is a registered charitable corporation whose purpose is to study, collect, preserve, interpret and protect the human and natural heritage of Prince Edward Island for the use, benefit and enjoyment of the people of the Province.

2. Significant Accounting Policies

a) Fund Accounting

The Operating Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Endowment Trust Fund was established to support and enhance the effort in the preservation and development of the Province's historic resources. The Endowment Fund reports resources contributed for endowment and the income earned on its investments. Expenditures from income of the Endowment Trust Fund are subject to approval of the Fund's trustees. Expenditures of the Fund's capital may be made with the approval of the Lieutenant Governor-in-Council.

The Publishing Trust Fund was established to finance publishing projects through loans to the Operating Fund. Money from the fund may be loaned to finance projects recommended by the Board's Publishing Committee and approved by the Board of Directors. Loans bear interest at the prevailing prime rate.

The Orwell Trust Fund was established to assure the recognition of the efforts of Orwell Corner Historical Site in becoming a financially viable operation. The Fund's resources are used to make improvements and enhancements to the historical site. The funds remaining in the Orwell Trust Fund were depleted during 2004-2005.

The Robert and Mildred Jaynes Trust was established to provide financing to individuals or corporations to acquire, maintain and/or improve Prince Edward Island property of a historical, architectural, natural or cultural interest. Funds are provided only when work is necessary to preserve, conserve or restore heritage elements of a structure. All work to be done must respect the character-defining elements of the provincial or municipal designation and must comply with the *Standards and Guidelines for the Conservation of Historic Places in Canada.*

b) Amortization is calculated on the straight-line basis at the following rates:

Buildings	4%
Equipment	20%
Inventory	20%

Fully amortized equipment will be carried on the balance sheet at a nominal value of $1.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2006

c) The capitalization policy is to capitalize all additions greater than $5,000.

d) Property acquired as a result of a bequest of the late Julian Jaynes has not been capitalized as it is not used in ongoing operations.

e) Artifacts are recorded on the balance sheet at a nominal value of $1. Due to the nature of these items the historical and intrinsic value is not readily measurable.

f) Inventory has been valued at the lower of cost and net realizable value. Books published by the Foundation are amortized by the straight-line method to estimate net realizable value.

g) The value of donated materials and services is not reflected in the financial statements.

h) Investments are valued using the cost method. Interest revenue is recognized on strip bonds based on stated yield rates at purchase and cost is adjusted as income is recognized. For other investments interest revenue is recognized on an accrual basis and recorded cost represents the initial acquisition cost.

i) The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Short-Term Investments

Short-term investments are interest bearing investments that are carried at cost. Accrued interest is calculated and included in accounts receivable. Since these investments are held for a short period of time, their market value approximates their carrying value.

4. Inventory

	2006	2005
Publishing Inventory		
Original cost	$197,189	$207,764
Accumulated amortization	(175,547)	(177,314)
Inventory value	21,642	30,450
Giftshop/Book Inventory - at cost	15,175	13,891
	$ 36,817	$ 44,341

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2006

5. Externally Restricted Funds

(a) Robert and Mildred Jaynes Trust Fund

As a result of a bequest of the late Julian Jaynes the Foundation acquired land and building situated in Stratford and the Robert and Mildred Jaynes Trust Fund of $100,000 was established. The land and building have been leased in exchange for maintenance and insurance coverages on the property.

The Robert and Mildred Jaynes Trust Fund is administered by three trustees:

- The Minister of the Government of Prince Edward Island responsible for the Museum Act
- The Chairman of the Board of Governors of the Museum
- Mrs. Robert (Mildred) Jaynes, the Settler, and after her;
- The serving PEI Governor of the Heritage Canada Foundation

The trustees may use the principle and income of the fund to support individuals or corporations who wish to acquire, maintain and/or improve protected properties. Expenditure and investment outlays are governed by a majority decision of the trustees on the advice of the Board of Governors of Museum and Heritage Prince Edward Island.

(b) Endowment Trust Fund

The Endowment Trust Fund is administered by three trustees:

- The Provincial Treasurer of PEI
- The Chief Justice of the Supreme Court of PEI
- The Chairman of the Board of Directors of the PEI Museum and Heritage Foundation.

Normally only the income from investments is expended. Expenditures are to be used on specific projects which are within the aims and objectives of the Foundation.

6. Provincial Grants

The Provincial Grants amount of $998,323 (2005 - $850,688) includes an operating grant of $855,215 (2005 - $796,534); French Services Claim revenue of $25,000 (2005 - $30,000); General Government grant of $68,896 (2005 - $20,000) and Employment Development Agency grant of $49,212 (2005 - $4,154).

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2006

7. Land, Buildings and Equipment

The recorded values of land and buildings represent those purchased and donated. Those purchased are recorded at cost and those donated are recorded at appraised value at the time of donation.

	2006			2005
	Recorded Value	Accumulated Amortization	Net Book Value	Net Book Value
Land				
Beaconsfield	$ 9,108	$ -	$ 9,108	$ 9,108
Warehouse	12,500	-	12,500	12,500
	21,608	-	21,608	21,608
Buildings				
Beaconsfield	104,216	104,216	-	-
Warehouse	234,343	234,343	-	4,993
Elmira Station	15,433	15,433	-	-
	353,992	353,992	-	4,993
Equipment	1	-	1	1
	$375,601	$353,992	$21,609	$26,602

8. Wages and Employee Benefits

Employees of the Prince Edward Island Museum and Heritage Foundation are members of the Prince Edward Island Civil Service Superannuation Plan. Other employee benefits and the employer's share of the plan benefits plus any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Foundation's financial statements.

9. Amounts Due Between Funds

At March 31, 2006, the following amounts were due (to) from the Operating Fund:

Endowment Trust Fund	
Annual appropriation of interest income	$(19,000)
Transfers to Operating Fund	19,000
	$ -
Publishing Trust Fund	
Loan to Operating Fund plus accrued interest of 5%	$ 14,957
Jaynes Trust Fund	
Payable to Operating Fund	$ 987

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2006

10. Investments

	2006		2005
	Net Book Value	Market Value	Net Book Value
Operating Fund			
Souris Credit Union Shares	$ 6	$ 6	$ 6
Publishing Trust Fund			
Government of Canada Coupon, yield 4.50%, maturing June 1, 2005	-	-	12,659
Citizens Bank GIC, yield 2.95%, maturing June 6, 2007	21,250	21,250	-
	21,250	21,250	12,659
Robert and Mildred Jaynes Trust			
Bonds:			
Bank of Montreal, yield 3.80%, maturing December 5, 2005	-	-	20,000
Province of British Columbia Bond, yield 5.99%, maturing July 9, 2006	27,840	27,994	26,267
Government of Canada, yield 4.50% maturing September 1, 2007	25,334	25,258	25,568
Province of Saskatchewan Bond, yield 6.08%, maturing October 10, 2008	27,976	29,335	26,373
Government of Canada, yield 4.25%, maturing September 1, 2009	22,393	22,168	-
GIC:			
Citizens Bank, yield 2.75%, maturing June 6, 2006	25,152	25,152	-
	128,695	129,907	98,208

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2006

10. **Investments (continued...)**

	2006		2005
	Net Book Value	Market Value	Net Book Value
Endowment Trust Fund			
Bonds:			
General Motors Acceptance Corporation, 5.55% Medium Term Note due June 20, 2005	-	-	40,005
Province of Nova Scotia Coupon, yield 7.08%, maturing December 1, 2005	-	-	56,394
Sentinel Canada Prin. Ser.1, yield 5.87%, maturing October 1, 2006	27,003	27,226	25,505
Province of Newfoundland Coupon, yield 3.50%, maturing October 17, 2006	27,205	27,014	26,285
Trans Canada Pipeline Coupon, yield 4.00%, maturing October 20, 2007	27,521	27,176	26,463
Province of Ontario Coupon, yield 5.06%, maturing December 2, 2007	28,720	29,159	27,337
Province of Quebec Coupon, yield 4.04%, maturing June 28, 2008	27,888	27,348	26,805
Province of Ontario Coupon, yield 5.17%, maturing December 2, 2008	26,733	27,430	25,419
Province of New Brunswick, yield 4.40%, maturing November 23, 2009	27,658	27,658	26,492
Province of Saskatchewan, yield 6.30%, maturing January 18, 2010	19,629	21,068	18,466
Province of Newfoundland, yield 5.30%, maturing August 15, 2011	19,329	20,049	18,356
Residue Quebec Hydro, yield 3.80%, maturing July 16, 2012	45,674	43,371	-
GIC:			
Canadian Western Bank, yield 2.90%, maturing January 21, 2006	-	-	77,500
B2B Trust, yield 3.90%, maturing December 2, 2007	40,861	41,381	-
Canadian Western Bank, yield 3.95%, maturing January 23, 2008	82,067	82,662	-
Citizens Bank, yield 4.15%, maturing September 29, 2009	19,800	20,212	19,800
Equity Investments:			
1670 Units Sovereign Cdn Equity Pool	40,826	54,939	40,826
1312 Units Sovereign US Equity Pool	30,640	23,789	30,640
988 Units Sovereign Overseas Equity Pool	20,411	19,481	20,411
	511,965	519,963	506,704
	$661,916	$671,126	$617,577

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2006

11. Federal Government Revenue and Project Expenditures

	2006		2005	
	Revenue	Expenditures	Revenue	Expenditures
Projects				
Association Francophone des Municipalities du NB Inc. Young Canada	$ -	$ -	$ 5,625	$ 7,138
Basin Head Marine Protected Area Project	2,425	2,425	-	-
Canadian Council of Archives Young Canada	-	-	3,898	5,253
Canadian Heritage Museum Assistance	6,930	3,610	7,320	12,094
Canadian Museums Association Young Canada	18,315	24,534	16,455	20,796
Cultural Spaces Canada Program Orwell Corner Project	-	-	122,394	32,481
Heritage Canada Foundation Young Canada	3,050	4,303	2,961	4,119
Human Resources Development Canada SCP Program	18,264	20,874	21,214	27,439
	$48,984	$55,746	$179,867	$109,320

Revenue received during a year but not expended is reflected as deferred revenue.

The expenditures shown as incurred for the Orwell Corner Project, Cultural Spaces Program only reflect those expenditures made directly by the PEI Museum and Heritage Foundation. Other expenditures were also incurred for the Orwell Corner Project by the Province of Prince Edward Island and the Pioneer Village of Orwell Incorporated but are not reflected in the above.

12. Fair Value of Financial Instruments

The fair value of the Museum's cash, investments, accounts receivable and accounts payable approximates their carrying values. Market values of investments are reported in Note 10. As at March 31, 2006, market values of investments do not vary significantly from carrying values.

Financial Statements of

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Year ended March 31, 2006

BFM

Beaton Fitzpatrick Murray
Chartered Accountants and Advisors

A.W. Beaton, CA
G.J. Fitzpatrick, FCA
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AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheets of Prince Edward Island Regulatory and Appeals Commission for the capital and operating funds as at March 31, 2006 and the statement of earnings and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Beaton Fitzpatrick Murray
Chartered Accountants

Charlottetown, P.E.I.
May 29, 2006

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet - Capital Fund

March 31, 2006, with comparative figures for 2005

	2006	2005
Assets		
Leaseholds and equipment (note 3)		
Leasehold improvements	$ 34,533	$ 166,571
Furnishings and equipment	23,252	50,576
Computer equipment	234,881	227,545
	292,666	444,692
Accumulated amortization	190,284	330,597
	$ 102,382	$ 114,095
Liabilities and Surplus		
Surplus: Invested in capital assets (note 4)	$ 102,382	$ 114,095

See accompanying notes to financial statements.

On Behalf of the Board:

Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet - Operating Fund

March 31, 2006, with comparative figures for 2005

	2006	2005
Assets		
Current assets:		
Cash and term deposits (note 2)	$ 1,908,783	$ 1,564,806
Cash held in trust	9,550	5,770
Receivables - trade	59,994	26,607
- employees	13,596	2,053
Prepaid expenses	1,986	5,442
	$ 1,993,909	$ 1,604,678
Liabilities and Surplus		
Current liabilities:		
Accounts payable and accrued liabilities:		
Trade	$ 129,016	$ 131,657
Vacation pay	63,987	50,868
Deposit guarantees - moving permits and rentalsman	9,550	5,770
Province of Prince Edward Island	-	363,169
	202,553	551,464
Deferred revenue (note 5)	1,238,069	575,028
Reserves (note 6)	5,235	5,235
Severance allowance	344,560	281,172
Surplus	203,492	191,779
Commitment (note 7)		
	$ 1,993,909	$ 1,604,678

See accompanying notes to financial statements.

On Behalf of the Board:

Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Earnings and Surplus - Operating Fund

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Revenue:		
Assessments on public utilities	$ 323,902	$ 297,334
Assessments on auto insurance	135,022	135,062
Licenses - petroleum products	263,157	269,270
Permits - land and property division	463,340	245,156
Assessment - Province of Prince Edward Island	1,641,835	1,587,780
Investment income	42,962	31,880
	2,870,218	2,566,482
Expenses:		
Advertising	13,543	9,478
Amortization	89,849	119,278
Cleaning	9,011	8,813
Computer maintenance and supplies	36,737	34,116
Education and development	20,722	18,619
Insurance	8,828	7,848
Office and supplies	36,458	29,368
Part-time commissioners	39,351	38,157
Postage	4,187	4,708
Professional fees	86,415	112,303
Publications	24,997	28,829
Rent	158,040	157,410
Salaries and employee benefits	1,521,469	1,355,029
Telephone	27,730	26,826
Travel	51,175	41,711
	2,128,512	1,992,493
Earnings before Reserves transfer	741,706	573,989
Transfer from Reserves	-	1,040
	741,706	575,029
Deferred revenue (note 5)	(741,706)	(575,029)
Net earnings	-	-
Surplus, beginning of year	191,779	164,374
Transfer from capital fund	89,849	119,227
Transfer to capital fund for investment in capital assets	(78,136)	(91,822)
Surplus, end of year	$ 203,492	$ 191,779

See accompanying notes to financial statements.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2006

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, provincial rentalsman, auto insurance rate regulation and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act. The Commission is a non-taxable entity under the provisions of the Income Tax Act.

1. Significant accounting policies:

(a) Leaseholds and equipment:

Leaseholds and equipment are stated at cost and are amortized on the straight-line basis using the following annual rates:

Asset	Rate
Leasehold improvements	10% and 20%
Furnishings and equipment	20%
Computer equipment	33 1/3%

(b) Vacation pay and severance allowance:

Vacation pay is recorded as a liability when earned. Severance allowances are recognized when the employee meets the eligibility criteria.

(c) Pension costs:

Employees of the Commission belong to the civil service superannuation plan. Employees' contributions and matching employer's contributions are transferred to the Province of Prince Edward Island. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

(d) Investments:

Investments are recorded at the lower of cost and market value.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2006

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1. Significant accounting policies (continued):

(e) Financial instruments:

The Commission's financial instruments consist of cash, accounts receivable, investments, and accounts payable. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

(f) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(g) Revenue recognition:

Revenues are recorded in the period in which the transaction or events that give rise to the revenues occur. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the Commission discharges the obligations that led to the collection of funds.

2. Cash and term deposits:

	2006	2005
Cash	$ 197,004	$ 114,008
Metro Credit Union Premium Investment account	768,627	353,631
RBC Dominion Securities	271,113	499,258
Royal Bank of Canada - GIC account	510,493	440,641
Scotiabank - GIC's	161,546	157,268
	$ 1,908,783	$ 1,564,806

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2006

3. Leaseholds and equipment:

	Cost	Accumulated amortization	2006 Net book value	2005 Net book value
Leasehold improvements	$ 34,533	$ 18,869	$ 15,664	$ 22,569
Furnishings and equipment	23,252	15,195	8,057	12,707
Computer equipment	234,881	156,220	78,661	78,819
	$ 292,666	$ 190,284	$ 102,382	$ 114,095

4. Surplus - capital fund balance sheet:

	2006	2005
Surplus, beginning of year	$ 114,095	$ 141,501
Capital assets purchased during current year	78,136	91,822
	192,231	233,323
Transfer to operating fund - amortization	89,849	119,228
Surplus, end of year	$ 102,382	$ 114,095

5. Deferred revenue:

Pursuant to a three year provincial assessment agreement entered into with the Province of Prince Edward Island, the Commission has agreed to refund to the Province of Prince Edward Island, at the end of the agreement, the accumulated surplus, if any, for the years ended March 31, 2005, 2006, and 2007.

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Notes to Financial Statements

Year ended March 31, 2006

6. Reserves:

		2006		2005
Reserve balance, beginning of year	$	5,235	$	6,275
Transfer to surplus		-		(1,040)
Reserve balance, end of year	$	5,235	$	5,235
Comprised of:				
Reserve for Uniform System of Accounts Study		5,235		5,235
	$	5,235	$	5,235

7. Commitment:

The Commission has an operating lease for its premises at $ 11,643. per month plus common area charges, under a lease expiring in 2009.

The minimum annual lease payment to the expiry date is $ 139,716.

P.E.I. SELF-INSURANCE

AND RISK MANAGEMENT FUND

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To the Members of Treasury Board

I have examined the balance sheet of the Prince Edward Island Self-Insurance and Risk Management Fund as at March 31, 2006 and the statement of revenues, expenses and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
July 6, 2006

STATEMENT 1

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

BALANCE SHEET

AS AT MARCH 31, 2006

	2006	2005
ASSETS		
Current assets		
Accounts receivable		
Province of P.E.I. - Note 5	$8,545,697	$8,782,739
Other	28,851	7,884
	8,574,548	8,790,623
Prepaid expenses	65,144	56,075
	$8,639,692	$8,846,698
LIABILITIES AND FUND BALANCE		
Current liabilities		
Accounts payable	$ 219,747	$ 91,080
Unearned premiums	312,272	398,085
Provision for unsettled claims - Note 3	845,377	1,155,172
	1,377,396	1,644,337
Fund balance - Statement 2	7,262,296	7,202,361
	$8,639,692	$8,846,698

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF TREASURY BOARD:

MEMBER: ____________________

MEMBER: ____________________

STATEMENT 2

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
Revenues		
Insurance premiums - Note 4	$1,967,588	$1,822,642
Interest - Note 5	42,546	33,040
Grant in lieu of interest - Note 5	175,000	175,000
Claim recoveries - Note 6	46,253	33,010
	2,231,387	2,063,692
Expenses		
Claims - Note 7	1,016,183	1,005,439
Consulting - Note 8	69,958	132,606
Insurance premiums - Note 9	864,838	680,019
Office and travel	14,802	9,117
Salary and benefits - Note 11	205,671	214,516
	2,171,452	2,041,697
Net income for the year	59,935	21,995
Fund balance, beginning of year	7,202,361	7,180,366
Fund balance, end of year	$7,262,296	$7,202,361

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. Operations

The Prince Edward Island Self-Insurance and Risk Management Fund was established under Part II of the Financial Administration Act. The Fund provides general liability insurance, errors and omissions insurance, primary property and crime insurance and automobile liability insurance for government entities. The Fund is administered by Treasury Board.

2. Summary of Significant Accounting Policies

Prepaid Expenses:

Expenses paid for benefits continuing beyond March 31 are recorded as prepaid expenses.

Unearned Premiums:

Premiums received for coverage continuing beyond March 31 are recorded as unearned premiums.

Provision for Unsettled Claims:

The provision for unsettled claims represents management's best estimate for the full amount of all costs including investigation and the projected final settlements of reported claims. This provision is adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. The provision adjustment is recorded in claims expense in the current period.

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2006

3. Provision for Unsettled Claims

	2006	2005
General liability, errors and omissions		
Compensation amounts and professional services	$ 497,508	$ 757,176
Less: Estimated recoveries	8,588	10,394
	488,920	746,782
Primary property and crime		
Compensation amounts and professional services	456,021	501,747
Less: Estimated recoveries	113,124	93,357
	342,897	408,390
Automobile liability		
Compensation amounts and professional services	22,649	-
Less: Estimated recoveries	9,089	-
	13,560	-
	$ 845,377	$1,155,172

4. Insurance Premiums Revenue

	2006	2005
General liability, errors and omissions	$ 768,790	$ 769,255
Primary property and crime	847,937	895,305
Automobile liability	250,861	-
Foster Parents Insurance Program	100,000	158,082
	$1,967,588	$1,822,642

5. Account Receivable - Province of P.E.I.

The account receivable from the Province of P.E.I. of $8,545,697 includes $6,887,571 that was invested in Provincial Deposit Receipts until March 31, 1997. At that time Treasury Board directed the investment be redeemed and replaced by a non-interest bearing account receivable from the Province of P.E.I. In lieu of interest on investments, an annual payment of $175,000 has been paid by the Province to the Fund. In addition, the Province pays interest on the remaining accounts receivable balance at the overnight call loan rate.

6. Claim Recoveries

	2006	2005
General liability, errors and omissions	$ 9,290	$ 1,880
Primary property and crime	2,199	31,130
Automobile liability	34,764	-
	$ 46,253	$ 33,010

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2006

7. Claims Expense	2006	2005
General liability, errors and omissions		
Compensation amounts - settled claims	$ 705,175	$ 304,750
Professional services - current cost	249,625	196,316
Increase (decrease) in provision for unsettled claims	(257,862)	174,631
	696,938	675,697
Primary property and crime		
Compensation amounts - settled claims	280,377	98,098
Professional services - current cost	25,894	33,640
Increase (decrease) in provision for unsettled claims	(65,493)	198,004
	240,778	329,742
Automobile liability		
Compensation amounts - settled claims	59,195	-
Professional services - current cost	5,712	-
Increase in provision for unsettled claims	13,560	-
	78,467	-
	$1,016,183	$1,005,439

8. Consulting Expense	2006	2005
Risk management studies	$ -	$ 17,500
Consulting - risk management	44,880	44,880
Consulting - legal and accounting	5,078	27,446
Property inspections and programs	20,000	42,780
	$ 69,958	$ 132,606

9. Insurance Premiums Expense	2006	2005
General liability, errors and omission	$ 346,063	$ 241,372
Primary property and crime	407,857	438,647
Automobile liability	110,918	-
	$ 864,838	$ 680,019

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2006

10. Cash Flow Statement

A cash flow statement has not been included in these financial statements. All receipts and payments flow through the Province's bank account. Since cash flow activity is reflected in the receivable/payable between the Fund and the Province, the presentation of cash flows in a financial statement format is not considered necessary.

11. Obligations for Future Employee Benefits

Employees of the Prince Edward Island Self-Insurance and Risk Management Fund are members of the Prince Edward Island Civil Service Superannuation Plan. The employer's share of the plan benefits plus additional future actuarial liabilities of the plan, and other future employee benefits are assumed by the Province of P.E.I. and are not reflected in the Fund's financial statements.

12. Fair Value of Financial Instruments

The fair value of the Fund's accounts receivable, accounts payable and accruals approximates their carrying amounts.

PRINCE EDWARD ISLAND

SPECIAL PROJECTS FUND

FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Special Projects Fund

I have audited the balance sheet of the Prince Edward Island Special Projects Fund as at March 31, 2006 and the statement of revenue, expenditures, and fund balances for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
June 6, 2006

STATEMENT 1

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

BALANCE SHEET

AS AT MARCH 31, 2006

	2006	2005
CURRENT ASSET		
Due from the Province of Prince Edward Island (Note 2)	$907,959	$1,083,346
FUND BALANCE		
Fund Balance - Statement 2	$907,959	$1,083,346

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

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STATEMENT 2

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES

YEAR ENDED MARCH 31, 2006

	Health Care Stabilization	Development	Health Research	Sustainable Resource Support	Community Development	Education Stabilization	2006 Total	2005 Total
REVENUE								
Interest Income	$ -	$ -	$ 25,639	$ -	$ -	$ -	$ 25,639	$ 26,639
EXPENDITURES								
Grants	-	-	201,026	-	-	-	201,026	230,120
Excess expenditures over revenue	-	-	(175,387)	-	-	-	(175,387)	(203,481)
Fund balance, beginning of year	-	-	1,083,346	-	-	-	1,083,346	1,286,827
Fund balance, end of year	$ -	$ -	$ 907,959	$ -	$ -	$ -	$ 907,959	$1,083,346

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. The Prince Edward Island Special Projects Fund was established under Part III.I of the Financial Administration Act. Regulations were established which indicate the purpose of each program, the eligibility criteria, and the approval and disbursement process. The purposes of each program associated with the six separate funds that comprise the Special Projects Fund are listed below:

Health Care Stabilization Fund (Health Care Support Program)

(a) to ensure existing programs and services are maintained;
(b) to stabilize the workforce through the conversion of casual and temporary positions to permanent positions;
(c) to address the difficulties in recruiting staff for specialty service delivery areas; and
(d) to maintain a high standard of health care delivery.

Development Fund (Economic Development Projects Program)

(a) to fund economic development in the province; and
(b) to enable access to federal economic development assistance including, but not limited to, economic development agreements between the federal government and the province.

Health Research Fund (Health Research Program)

(a) to provide new knowledge regarding persons suffering from diabetes, asthma, cancer, or other illnesses;
(b) to provide information regarding health services and health systems;
(c) to provide new knowledge regarding the prevention, early detection, and management of diabetes, asthma, cancer, or other illnesses; or
(d) to assist in determining best practices in the prevention and treatment of diabetes, asthma, cancer, or other illnesses.

Sustainable Resource Support Fund

(Agriculture and Environmental Resource Conservation Program)

(a) to assist farmers in the production of sustainable, high-quality crops and food products; and
(b) to support and assist farmers and owners of agricultural land in the compliance with legislation affecting their land and operations.

(Environmental and Natural Resource Program)

(a) to provide assistance for undertakings intended to improve conservation of soil or water; and
(b) to promote responsible and appropriate stewardship of the environment and natural resources.

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2006

Community Development Fund (Community Development Program)

To enhance community life, infrastructure, and employment opportunities in areas including, but not limited to:

(a) education;
(b) technology;
(c) recreation; and
(d) environment.

Education Stabilization Fund

(Teacher Technology Training Program)

To promote and improve the use of technology in Island schools by:

(a) providing technology training and support to teachers;
(b) improving computer hardware and software in schools; and
(c) supporting the integration of technology into the school curriculum.

(Education Special Projects Program)

May be used for the implementation of new initiatives and for the maintenance or expansion of existing programs.

2. Due From The Province of Prince Edward Island

The balance due from the Province consists of the principal and accumulated interest amounts and is unsecured with no set terms of repayment and bears interest at the rate in effect for the overnight call loan. Market value approximates the carrying value.

3. Commitments

Outstanding commitments under the Health Research Program totalled $508,624 as at March 31, 2006.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

FINANCIAL STATEMENTS

JUNE 30, 2005

AUDITOR'S REPORT

To the Commissioners of the
Teachers' Superannuation Commission
Province of Prince Edward Island

I have audited the Statement of Net Assets Available for Benefits of the Province of Prince Edward Island Teachers' Superannuation Fund as at June 30, 2005 and the Statement of Changes in Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Teachers' Superannuation Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
May 1, 2006

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT JUNE 30, 2005

	2005	2004
ASSETS		
Cash	$ 274,131	$ 770,383
Receivables		
Contributions receivable - employees	3,084	-
Contributions receivable - employers	38,656	25,770
Other	85,807	47,449
Short term loan to Province	2,200,000	800,000
Accrued interest receivable	1,447,540	-
Current portion of note receivable	32,000,000	-
	36,049,218	1,643,602
Investments (Note 3)	312,974,719	308,009,408
Note receivable (Note 5)	128,000,000	-
Total Assets	$477,023,937	$309,653,010
LIABILITIES		
Accounts payable	$ 475,895	$ 841,994
NET ASSETS AVAILABLE FOR BENEFITS	$476,548,042	$308,811,016

(The accompanying notes are an integral part of these financial statements.)

ON BEHALF OF THE COMMISSION

COMMISSIONER: ____________________

COMMISSIONER: ____________________

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED JUNE 30, 2005

	2005	2004
INCREASE IN ASSETS		
Investment income		
Interest	$ 7,134,892	$ 5,545,881
Dividends	4,106,790	3,488,161
Other income	129,517	54,284
	11,371,199	9,088,326
Market value increase	13,198,762	35,548,081
Contributions (Note 5)		
Employees' contributions	6,302,125	6,158,735
Employers' contributions	6,302,125	6,158,735
Transfers from other plans	766,938	170,074
Buybacks	292,131	320,439
Government Contribution towards unfunded liability (Note 5)	160,000,000	12,121,202
	173,663,319	24,929,185
Total Increase in Assets	198,233,280	69,565,592
DECREASE IN ASSETS		
Administrative expenses	106,468	98,795
Custodial and management fees	989,685	985,706
Refunds	70,658	44,082
Benefits paid	28,885,701	26,973,059
Transfers to other plans	443,742	42,443
Total Decrease in Assets	30,496,254	28,144,085
INCREASE IN NET ASSETS	167,737,026	41,421,507
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF THE YEAR	308,811,016	267,389,509
NET ASSETS AVAILABLE FOR BENEFITS AT END OF THE YEAR	$476,548,042	$308,811,016

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2005

1. Description of Plan

The following description of the Teachers' Superannuation Plan is a summary only. For more complete information, reference should be made to the Teachers' Superannuation Act.

a) General
The Plan is a contributory defined benefit plan covering teachers as defined in the Teachers' Superannuation Act.

b) Contributions
Under the Plan, employees and the employer make equal contributions amounting to 7.2% on that part of the salary on which Canada Pension Plan contributions are made and 9.0% on salary when Canada Pension Plan contributions are not required.

c) Retirement Benefits
A teacher who has attained age 60 and has completed at least 5 years of service or has attained age 55 and has completed 30 years of service or has completed 35 years of service is entitled to an immediate pension which is payable in equal monthly installments.

The annual amount of the pension is equal to 2% of the average of the five highest annual pensionable salary rates, multiplied by the number of years of pensionable service. When the teacher reaches the age of 65 (or if he or she is 65 or over at retirement) the amount of pension described above is reduced by 0.7% of the average salary rate up to the average Yearly Maximum Pensionable Earnings under the Canada Pension Plan during the five year period over which the average salary has been computed, multiplied by the number of years of the teacher's pensionable service after July 1, 1972.

Reduced benefits are available at age 55 with at least 5 years of pensionable service. The pension for a teacher who retires prior to age 60 (and who is not entitled to an unreduced pension) is calculated as described in the previous paragraph but then is reduced by 0.25% for each full month by which the early retirement date precedes the teacher's earliest unreduced retirement age.

The above formula determines the amount of a teacher's initial pension at retirement. In subsequent years the amount of a teacher's pension is increased by 60% of the percentage increase in the Consumer Price Index. The increase in any one year is limited to no more than 4%.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2005

1. **Description of Plan (continued)**

d) Disability Benefits
Disability benefits are available at any age to a teacher who retires from teaching service because of total and permanent disability who contributed to the Fund for 5 or more years.

e) Death Benefits
On the death of a teacher prior to completing 5 years of pensionable service, or after completing 5 years of service but leaving no surviving spouse or dependant children, the teacher's contributions accumulated with interest will be refunded. If a teacher dies prior to retirement but after completing 5 years of service, the teacher's spouse is entitled to an immediate lifetime pension equal to 60% of the accrued, unreduced pension of the teacher at the time of death. In addition to the spousal pension, an allowance equal to one quarter of the remaining 2/5 of pension which the teacher was receiving is payable in respect of each dependent child, until the child attains age 16, or until 25 if the child is attending school full-time. In no case shall payment to such children exceed 3/4 of the remaining 2/5 of pension.

f) Termination and Portability of Benefits
In the event of termination of employment for reasons other than retirement or death, a teacher may elect to receive either:

- a refund of the teacher's own contributions with interest, or
- if the teacher has completed at least five years of service, a deferred annuity commencing when the teacher attains the age of 60.

Where there are portability arrangements between the Plan and other plans, teachers may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the Plan.

g) Income Tax
The Plan is a Registered Pension Plan as defined under the Income Tax Act and is not subject to income tax.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2005

2. Significant Accounting Policies

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province of Prince Edward Island and Plan members. They are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual members. The following accounting policies are considered significant.

a) Investments
With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

Changes in the market value of investments, including realized and unrealized gains resulting from changes in foreign exchange, are reflected in the financial statements as a market value adjustment.

b) Investment Transactions
Investment transactions are recorded on the settlement date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Distributions are recognized on the record date.

3. Investments

a) Investments as of June 30, 2005 consist of the following:

Cash held for investment	$ 772
Short term investment fund units	598
Province of Prince Edward Island Master Trust	312,973,349
	$312,974,719

The investments of the Civil Service Superannuation Fund, MLA Pension Fund, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Units are held by each of these funds in the Master Trust. As of June 30, 2005 there were 731,350.4141 units held in the Province of Prince Edward Island Master Trust, of which the Teachers' Superannuation Fund held the following:

Units held	270,060.87
Market Value per unit	$1,158.90
Total market value held	$312,973,349

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2005

3. Investments (continued)

Investments of the Province of Prince Edward Island Master Trust at June 30, 2005 are as follows:

Canadian T-Bills	$ 18,112,932
Other liquid assets	(465,802)
Bonds, debentures and notes	281,097,071
Canadian equity securities	319,682,762
Foreign equity securities	221,051,269
Accrued income receivable	3,571,701
Real estate	4,511,528
Total	$847,561,461

The investments of $847,561,461 include amounts which three of the five Master Trust Fund managers have invested in their own pooled funds. The June 30, 2005 market values of these investments are as follows:

Beutel, Goodman & Company Ltd.	$ 27,061,779
Northwater Capital Management Inc.	96,502,353
Capital Guardian	102,951,186
Total	$226,515,318

b) Risk Management

Rates of return vary based on the degree of uncertainty. The fundamental sources of uncertainty to which investments are exposed are credit risk and price risk. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk is the risk that the value of an investment will fluctuate due to future changes in foreign exchange rates. Interest rate risk is the risk that the value of an investment will fluctuate due to future changes in market interest rates. Market risk is the risk the value of a financial instrument will fluctuate as a result of future changes in the market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The policy of the Master Trust is to invest in a diversified portfolio of investments based on criteria established in the Statement of Investment Policies and Procedures.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2005

4. Obligations for Pension Benefits for Accounting Purposes

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. The most recent Actuarial Valuation for accounting purposes prepared by Morneau Sobeco disclosed an unfunded liability as at April 1, 2002 of $153,630,000. The unfunded liability of $153,630,000 does not include an allowance for the present value of the future contributions shown in Note 5. The present value of remaining special contributions required by the Teachers' Superannuation Act as at April 1, 2002 is $21,644,985 using a discount rate of 7.9% per annum. If this present value had been considered for the actuarial valuation balance sheet, there would be a deficit of $131,985,015.

The estimated present value of benefits as of June 30, 2005, the principal components of changes in actuarial present values during the year and the estimated unfunded liability, were as follows:

	2005	2004
Estimated present value of accrued benefits at beginning of year	$482,891,000	$464, 641,000
Interest accrued on benefits	37,388,000	36,005,000
Benefits accrued	9,645,000	9,218,000
Benefits paid	(28,886,000)	(26,973,000)
Estimated present value of accrued benefits at end of year	$501,038,000	$482,891,000
Net assets available for benefits	476,548,000	308,811,000
Unfunded liability as at June 30, 2005	$ 24,490,000	$174,080,000

The economic assumptions used in determining the actuarial value of accrued pension benefits for accounting purposes were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

Asset rate of return	7.9 %
Basic salary escalation rate (excluding promotional increases)	3.0%
Pension cost of living increases	1.4 %

The Consolidated (Summary) Financial Statements of the Province record the obligation using the accounting method.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2005

5. Funding Policy

In accordance with the Teachers' Superannuation Act, employees are required to contribute as described in Note 1(b). The employer matches employee contributions to the Fund. Under Section 9 of the Teachers' Superannuation Act, payments out of the Fund are guaranteed by the Province of Prince Edward Island. The most recent actuarial valuation for funding purposes was prepared by Morneau Sobeco as of July 1, 2002. This valuation disclosed an unfunded liability as at July 1, 2002 of $197,384,000.

The Teachers' Superannuation Act was amended in 1997 to reflect that the Province of Prince Edward Island shall pay $129.44 million into the Fund over a period of 10 years for the purpose of reducing the unfunded liability of the Fund. The Act was further amended in 1997 to provide for payments in accordance with the following schedule:

Date of Payment	Amount Payable to Fund
April 1, 1995	$23.60 Million
April 1, 1996	11.76 Million
March 31, 1998*	11.76 Million
April 1, 1998	11.76 Million
April 1, 1999	11.76 Million
April 1, 2000	11.76 Million
April 1, 2001	11.76 Million
April 1, 2002	11.76 Million
April 1, 2003	11.76 Million
April 1, 2004	11.76 Million

*An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-1998 fiscal year that was deferred to March 31, 1998, shall be paid in seven equal annual installments, commencing on April 1, 1998. The installment referred to above is $361,202 per year.The final payment was received April 1, 2004.

To reduce the unfunded liability of the Teachers' Superannuation Fund the Province of Prince Edward Island has agreed to invest $160,000,000 in the Fund. The investment is in the form of a $160,000,000 promissory note from the Province of Prince Edward Island to the Fund. This note is receivable in ten equal annual installments of $16,000,000 beginning April 15, 2005 plus interest at the rate of 4.345% per annum receivable semi annually on April 15 and October 15. Provided that at any such time prior to April 15, 2014 any monies owing may be suspended, on six months prior notice, if the Provincial Treasurer deems the funding level of the Teachers' Superannuation Fund to be at a level of 90%, as defined in the Pension Fund Policy. Any interest shall include accrued interest to the date of any suspension implemented. Any monies suspended at any time or times prior to and including April 15, 2014 are no longer due and owing and no further monies are payable and the Promissory note shall be deemed paid in full.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2005

The following is a schedule of payments of principal and interest as disclosed in the promissory note:

Principal Payments		**Interest Payable**	
Date of Payment	**Principal Payment**	**April 15**	**October 15**
April 15, 2005	**$ 16,000,000**	**$ -**	**$ 3,128,400**
April 15, 2006	**16,000,000**	**3,128,400**	**2,780,800**
April 15, 2007	**16,000,000**	**2,780,800**	**2,433,200**
April 15, 2008	**16,000,000**	**2,433,200**	**2,085,600**
April 15, 2009	**16,000,000**	**2,085,600**	**1,738,000**
April 15, 2010	**16,000,000**	**1,738,000**	**1,390,400**
April 15, 2011	**16,000,000**	**1,390,400**	**1,042,800**
April 15, 2012	**16,000,000**	**1,042,800**	**695,200**
April 15, 2013	**16,000,000**	**695,200**	**347,600**
April 15, 2014	**16,000,000**	**347,600**	**-**
	$160,000,000	**$15,642,000**	**$15,642,000**

Since the promissory note was not signed until February 16, 2006, but provided for a principle payment as of April 15, 2005; additional interest was paid on the scheduled principal payment of April 15, 2005 as the first payment was not made until March 16, 2006.

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2006

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ARSENAULT & MCSWEENEY
CHARTERED ACCOUNTANTS

15 Water St.
Summerside, P.E.I. C1N 1A3
Telephone (902) 436-3547
Fax Number (902) 436-0705

AUDITOR'S REPORT

To the Shareholders of Summerside Regional Development Corporation Ltd.

We have audited the balance sheet of Summerside Regional Development Corporation Ltd. as at March 31, 2006 and the statements of income and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault & McSweeney

SUMMERSIDE, P.E.I.

June 16, 2006

CHARTERED ACCOUNTANTS

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
BALANCE SHEET
MARCH 31, 2006

ASSETS

	2006	2005
Cash and deposits	$ 3,000,626	$ 307,222
Accounts receivable (Note 2)	72,587	231,337
Prepaid expenses	2,614	48,373
Leasehold allowances and deferred renovations	-	737,652
Properties and equipment (Note 3)	716,116	7,232,160
	$ 3,791,943	$ 8,556,744

LIABILITIES AND SHAREHOLDERS' EQUITY

	2006	2005
Accounts payable and accruals	$ 48,918	$ 245,113
Accrued payables - Seawall repairs (Note 7)	275,000	-
Deferred income	-	74,676
Mortgages, debentures and other debt (Note 5)	-	6,404,203
Deferred capital grants	-	1,317,114
	323,918	8,041,106
Shareholders' equity		
Capital stock (Note 6)	3,475	3,475
Contributed surplus	1,500,000	2,560,944
Retained earnings (deficit)	1,964 550	(2,048,781)
	3,468,025	515,638
	$ 3,791,943	$ 8,556,744

On behalf of the Board

_____________________ Director

_____________________ Director

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
Income		
Property income	$ 1,125,445	$ 1,814,294
Interest	21,406	10,427
Gain on sale of property	-	44,432
	1,146,851	1,869,153
Expenses		
Property operating expenses	608,573	822,833
Property taxes	188,292	311,016
Depreciation (net of amortization of deferred capital grants)	245,913	373,874
Amortization of leasehold allowances and deferred renovations	168,943	161,075
General and administration	382,783	381,524
Promotion and development	23,334	10,830
Interest on long-term debt	198,701	328,560
Contributions to Jubilee Theatre	-	50,000
	1,816,539	2,439,712
Net loss before extraordinary item	(669,688)	(570,559)
Extraordinary item (Note 8)	4,683,019	-
Net income (loss)	4,013,331	(570,559)
Deficit, beginning of year	(2,048,781)	(1,478,222)
Retained earnings, (deficit) end of year	$ 1,964,550	$(2,048,781)

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
Operating activities		
Cash received from customers	$ 1,209,519	$2,203,912
Cash paid to suppliers and employees	(1,073,855)	(1,741,146)
Interest earned	21,406	10,427
Interest paid	(198,701)	(328,560)
	(41,631)	144,633
Financing activities		
Repayment of long-term debt	(6,404,203)	(259,196)
Investing activities		
Additions to properties and equipment	(41,498)	(23,352)
Proceeds from sale of property, net	9,180,736	114,664
Increase in leasehold allowances	-	(250,553)
increase in deferred capital grants	-	134,173
	9,139,238	(25,068)
Increase (decrease) in cash	2,693,404	(139,631)
Cash and deposits, beginning of year	307,222	446,853
Cash and deposits, end of year	$ 3,000,626	$ 307,222

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant for the company.

(a) Depreciation and Amortization

The straight-line method of depreciation is being used for all assets at rates based on the estimated useful lives of the assets.

Government assistance received prior to March 31, 1976 on properties and equipment is treated as contributed surplus. Government assistance and foundation grants received for properties and equipment additions subsequent to March 31, 1976 are treated as deferred capital grants and are amortized to revenue on the same basis as depreciation is computed on the assets to which they apply. In all instances assets are reflected at full cost with no reduction for grants.

(b) Income and Expenses
Revenues and expenses are recorded using the accrual basis of accounting.

(c) Leasehold Allowances
Leasehold allowances given to tenants are amortized to earnings over the term of the lease to which they relate.

(d) Corporation Status
The corporation is a non-taxable entity under the provisions of the Income Tax Act.

	2006	2005
2. Accounts Receivable		
Trade	$ 23,927	$ 195,345
GST	48,660	-
Regional Cultural/Event Centre Inc.	-	35,992
	$ 72,587	$ 231,337

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

3. Properties and Equipment

	2006			2005
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Waterfront Properties				
Waterfront Shopping Centre	$ -	$ -	$ -	$ 3,408,529
120 Harbour Drive	-	-	-	975,706
109 Water Street	757,307	399,517	357,790	372,440
Spinnakers' Landing	-	-	-	963,145
Main Site Services and Seawall	-	-	-	184,912
Furniture and equipment	202,055	181,942	20,113	30,532
Other property held for development	338,212	-	338,212	1,296,895
Yacht Club & Marina	1	-	1	1
	$ 1,297,575	$ 581,459	$ 716,116	$ 7,232,160

The estimated useful lives used to calculate depreciation on the above capita assets are as follows:

Buildings	20,25 and 40 years
Pavement	10 years
Equipment	3,4,5,7,10,15,20,25 and 40 years
Main site service	90 years
Seawall	25 years

4. Long-term Lease

In 1982 the assets of the Yacht Club and Marina had been transferred to the Silver Fox Curling and Yacht Club under the terms of a 54 year lease agreement. The balance of the debt on these has been retained by Summerside Regional Development Corporation Ltd. and is to be repaid from funds derived from the remaining assets of the Corporation. A subsequent agreement had been reached in 1993 which defers any rental charges for the property.

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

5. Mortgages, Debentures and Other Debt

	2006	2005
Banker's Acceptance Loan, TD Canada Trust, repaid during the year.	$ -	$3,000,000
6.5% term loan, TD Canada Trust, repaid during the year.	-	1,787,766
6.4% term loan, TD Canada Trust, repaid during the year.	-	663,711
8% first mortgage, Province of Prince Edward Island, repaid during the year.	-	450,000
6.85% term loan, TD Canada Trust, repaid during the year.	-	192,743
6.75% term loan, TD Canada Trust, repaid during the year.	-	133,352
Demand loan, TD Canada Trust, repaid during the year.	-	69,000
5.9% term loan, TD Canada Trust, repaid during the year.	-	71,885
6.85% term loan, TD Canada Trust, repaid during the year.	-	26,287
Marina Centre and site reclamation serial debenture payable, Province of Prince Edward Island, repaid during the year.	-	9,459
	$ -	$6,404,203

6. Capital Stock

	2006	2005
Authorized 100,000 common shares without par value.		
Issued 99,993 common shares	$ 3,475	$ 3,475

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

7. Contingencies

Seawall Indemnity
As part of an agreement of purchase and sale, the company signed a Seawall Indemnity Agreement for the portion of the seawall bordering the 120 Harbour Drive property. In the agreement the company provides an indemnity to the purchaser against any structural or other damages to the property arising from the current seawall condition. Furthermore the company committed to repair, renovate or replace this section of the seawall in accordance with plans and specifications prepared by a qualified engineering firm. The company will be released from the indemnity upon receipt of a Certificate of Substantial Completion from the project engineer.

The cost to repair the seawall will vary depending on the repair method chosen and the amount of government assistance, if any, to offset the cost of repair. Management estimates the cost will range between $275,000 and $350,000. The company intends to carry out these repairs in order to be released from the indemnity. An estimated liability for the repairs in the amount of $275,000 has been recorded. This amount has been added to the cost of selling the property and the gain on sale has been reduced accordingly.

Other
Legal proceedings have been filed which may result in further claims against the company for incidents which arose in the ordinary course of business. The results of the legal proceedings are not currently determinable. In the opinion of management, they will involve amounts that would not have a material adverse effect on the position of the company.

8. Extraordinary Item

As part of a planned and organized liquidation of assets the company sold the following significant properties;

120 Harbour Drive, Waterfront Shopping Centre, Spinnakers' Landing, the west end development properties and two other properties.

The gain on sale of these properties has been calculated as follows;

Total proceeds	$10,469,100
Selling costs	(1,288,364)
Net book value of assets sold	(6,863,550)
Deferred capital grants relating to assets sold	1,304,889
Contributed surplus relating to assets sold	1,060,944
Gain on sale of property	$ 4,683,019

Tourism PEI

Consolidated Financial Statements
March 31, 2006

ArsenaultBestCameronEllis
CHARTERED ACCOUNTANTS

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April 28, 2006

Auditors' Report

To the Minister of Tourism

We have audited the consolidated balance sheet of **Tourism PEI** as at March 31, 2006 and the consolidated statements of earnings, deficit and cash flows for the year then ended. These consolidated financial statements have been prepared, in accordance with Canadian generally accepted accounting principles. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

Tourism PEI

Consolidated Balance Sheet

As at March 31, 2006

	2006 $	2005 $
Assets		
Current assets		
Cash	564,479	1,446,695
Accounts receivable (note 7)	1,156,279	949,676
Due from the Province of Prince Edward Island (note 4)	74,483	-
Inventory	206,878	371,540
Prepaid expenses	72,826	10,280
	2,074,945	2,778,191
Property and equipment (note 3)	8,285,900	8,325,465
	10,360,845	11,103,656
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	1,594,917	2,254,361
Due to the Province of Prince Edward Island (note 4)	-	116,528
Promissory notes (note 5)	3,800,000	2,700,000
Current portion of long-term debt	691,026	674,773
	6,085,943	5,745,662
Long-term debt, less current portion (note 6)	6,396,943	6,587,969
	12,482,886	12,333,631
Contingency (note 9)		
Deficit	2,122,041	1,229,975
	10,360,845	11,103,656

Approved by the Corporation

______________________________ Minister

Tourism PEI

Consolidated Statement of Deficit

For the year ended March 31, 2006

	2006 $	2005 $
Deficit - Beginning of year	(1,229,975)	(458,338)
Excess expenses for the year	(892,066)	(771,637)
Deficit - End of year	(2,122,041)	(1,229,975)

Tourism PEI

Consolidated Statement of Earnings

For the year ended March 31, 2006

		2006	2005
	Budget (unaudited) $	**Actual $**	**Actual $**
Revenue			
Grants from Province of Prince Edward Island	11,291,000	12,136,420	11,035,204
Tourism Advisory Council	2,741,100	2,615,410	3,094,156
Brookvale Ski Park	220,000	191,663	250,736
Provincial Parks	948,400	812,425	872,186
Visitor Services	130,000	132,783	154,388
Licensing fees	-	-	123,618
Golf Links operations	5,588,000	4,805,396	4,993,830
	20,918,500	20,694,097	20,524,118
Expenses			
Administration	815,200	1,087,067	892,982
Tourism Advisory Council	6,994,200	6,866,265	6,753,953
Brookvale Ski Park	440,800	442,294	435,358
Provincial Parks	2,659,800	2,841,217	2,815,138
Visitor Services	517,500	510,998	601,715
Tourism Development	1,690,400	1,811,935	1,701,747
Tourism Marketing	2,133,700	2,109,875	2,084,365
Research	-	110,150	136,130
French Services	78,900	108,900	108,900
Golf Links operations (note 7)	5,169,900	5,159,141	5,204,312
Amortization - Golf Links	621,000	545,602	590,975
	21,121,400	21,593,444	21,325,575
	(202,900)	(899,347)	(801,457)
Other income			
Gain on disposal of property and equipment - Golf Links	-	7,281	29,820
Excess expenses for the year	(202,900)	(892,066)	(771,637)

Tourism PEI

Consolidated Statement of Cash Flows

For the year ended March 31, 2006

	2006 $	2005 $
Cash provided by (used in)		
Operating activities		
Excess expenses for the year	(892,066)	(771,637)
Amortization of property and equipment	545,602	590,975
Gain on sale of property and equipment	(7,281)	(29,820)
	(353,745)	(210,482)
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	(206,603)	12,635
Decrease (increase) in inventory	164,662	(153,353)
Decrease (increase) in prepaid expenses	(62,546)	8,516
Increase (decrease) in accounts payable and accrued liabilities	(659,444)	402,536
Increase (decrease) in due from/to the Province of Prince Edward Island	(191,011)	492,300
	(1,308,687)	552,152
Financing activities		
Increase in promissory notes	1,100,000	2,100,000
Proceeds on long-term debt	500,000	500,000
Repayment of long-term debt	(674,773)	(761,053)
	925,227	1,838,947
Investing activities		
Purchase of property and equipment	(506,037)	(517,649)
Proceeds on disposal of property and equipment	7,281	30,595
	(498,756)	(487,054)
Increase (decrease) in cash	(882,216)	1,904,045
Cash - Beginning of year	1,446,695	(457,350)
Cash - End of year	564,479	1,446,695
Supplementary disclosure		
Interest paid	500,674	498,928

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2006

1 Basis of presentation

Consolidation

These financial statements include the operations of Tourism PEI and its wholly-owned subsidiary, Golf Links Prince Edward Island Inc.

Status of the corporation

Tourism PEI became a Crown corporation effective March 31, 1999 under the Tourism PEI Act passed by the Government of Prince Edward Island on June 8, 1999. The objectives of Tourism PEI are to carry out tourism related activities of the Province of Prince Edward Island.

The objectives of Golf Links Prince Edward Island Inc. are to maintain and operate the provincially owned golf courses.

The financial results of the corporation are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in preparation of these financial statements.

Inventory

Inventory is valued at the lower of cost, determined using the average cost method, and market. Market is defined as net realizable value.

Property and equipment

Tourism PEI expenses property and equipment in the period purchased except for real property acquired by the company which is recorded as an asset.

Real property transferred to Tourism PEI at no cost is recorded at a nominal value.

Golf Links Prince Edward Island Inc. records at cost property and equipment having a useful life of greater than one year as an asset in the period purchased.

Amortization

Amortization is calculated using the straight-line method at the annual rates as indicated in note 3. One-half the normal annual rate of amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

Tourism PEI
Notes to Consolidated Financial Statements
March 31, 2006

Capital costs related to the construction of the playing areas of the Dundarave Golf Course are not amortized.

Due to (from) the Province of Prince Edward Island

Current operations:

Excess revenue (expenses) for the year for Tourism PEI is recorded as a reduction (increase) in Grants - Province of Prince Edward Island and as an amount due to (from) the Province of Prince Edward Island. Golf Links Prince Edward Island Inc. records excess revenue (expenses) as an increase (decrease) in retained earnings (deficit).

Revenue recognition and government assistance

Grants from the Province of Prince Edward Island are recorded as revenue when received. Revenue from Tourism Advisory Council activity is recorded when billed and revenue from park operations, services and fees is recorded when earned as services are provided. Excess revenue (expenses) for the year for the Tourism PEI entity is recorded as a reduction (increase) in Grants - Province of Prince Edward Island and as an amount due from (to) the Province of Prince Edward Island.

Government grants funded by the federal government or a federal-provincial cost-shared agreement, received related to operations, are recorded as revenue in the period in which the related expenses are recorded. Unexpended amounts as at the year end are recorded as deferred revenue. During the year, the Tourism Advisory Council received federal government grants totaling nil (2005 - $500,000).

Federal and provincial government grants related to property and equipment are recorded as a reduction in the cost of the related assets in the period purchased. Unexpended amounts as at the year end are recorded as an accrued liability.

Expenses are recorded in the period in which the related goods and services are consumed except for Tourism Advisory Council and program grants included in Tourism Development and Tourism Marketing expenses. Tourism Advisory Council expenditures are recorded in the period the goods and services are acquired and a liability incurred. Program grant expenditures are recorded in the period in which the funds are approved for disbursement.

Vacation pay and pension liabilities

The staff of Tourism PEI and Golf Links Prince Edward Island Inc. are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Tourism PEI and Golf Links Prince Edward Island Inc. are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation as at March 31, 2006.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2006

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

Fair value of financial instruments

The Corporation has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

3 Property and equipment

				2006	2005
	Amortization rate %	**Cost $**	**Accumulated amortization $**	**Net $**	**Net $**
Land and buildings - Mill River Fun Park		1	-	1	1
Dundarave golf course	-	6,122,211	-	6,122,211	6,122,211
Land improvements and paving	10 - 20	683,743	216,322	467,421	315,815
Computer equipment and software	20	229,811	159,040	70,771	51,409
Power cars	14.3	1,144,848	931,098	213,750	257,545
Rental equipment	20	61,853	37,110	24,743	34,382
Equipment	10 - 20	3,177,479	2,137,502	1,039,977	1,151,250
Vehicles	20	93,004	87,817	5,187	20,029
Buildings	10	564,838	235,168	329,670	357,177
Signage	5	17,384	5,215	12,169	15,646
		12,095,172	3,809,272	8,285,900	8,325,465

4 Due to (from) the Province of Prince Edward Island

	2006 $	2005 $
Current operations		
Excess revenue (expenses) for the year - Tourism PEI	(74,483)	116,528

5 Promissory notes

The promissory notes are due April 1, 2006 to the Province of Prince Edward Island, bear interest at monthly floating interest rates and are repayable to the Department of Provincial Treasury of Prince Edward Island. The notes are unsecured.

Tourism PEI

Notes to Consolidated Financial Statements
March 31, 2006

6 Long-term debt

	2006 $	2005 $
4.87% loan from the Department of Provincial Treasury of Prince Edward Island, due December 7, 2020, repayable at $563,681 annually including interest	5,902,569	6,137,942
5.67% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2007, repayable $45,000 annually plus interest	45,000	90,000
4.84% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2007, repayable $64,500 annually plus interest	64,500	129,000
4.35% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2008, repayable $40,000 annually plus interest	80,000	120,000
4.51% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2009, repayable $65,300 annually plus interest	195,900	261,200
4.21% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2009, repayable $100,000 annually plus interest	300,000	400,000
4.67% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2011, repayable $100,000 annually plus interest	500,000	-
5.72% loan from the Department of Provincial Treasury of Prince Edward Island, repaid during the year	-	74,600
5.93% loan from the Department of Provincial Treasury of Prince Edward Island, repaid during the year	-	50,000
	7,087,969	7,262,742
Less: Current portion	691,026	674,773
	6,396,943	6,587,969

The long-term debt is unsecured.

The aggregate amount of principal payments estimated to be required in each of the next five years to meet retirement provisions is as follows:

	$
Year ending March 31, 2007	691,026
2008	594,978
2009	569,085
2010	418,579
2011	434,095

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2006

7 Related party transactions

Tourism PEI utilizes the provincial parks, including Brookvale Ski Park, the provincial day parks and the full service campgrounds, as well as the Visitor Information Centres in carrying out its mandate. Tourism PEI has paid nil consideration for utilizing these facilities.

Golf Links Prince Edward Island Inc. utilizes three provincial golf courses from the Province of Prince Edward Island for nil consideration.

During the 1999 year, the Province of Prince Edward Island transferred property and equipment utilized in maintenance and operation of the three provincial golf courses to Golf Links Prince Edward Island Inc. In accordance with the terms of the transfer, the exchange and carrying amounts of the property and equipment was established as $1.

Included in accounts receivable is an amount of $8,619 (2005 - nil) due from two departments of the Province of Prince Edward Island. Included in accounts payable and accrued liabilities is an amount of $8,391 (2005 - $7,905) due to a department of the Province of Prince Edward Island.

During the year, the companies paid a total of $500,807 (2005 - $498,928) in interest to the Department of Provincial Treasury of Prince Edward Island. Included in this total is $403,472 (2005 - $455,388) of interest on long-term debt included in Golf Links expenses related to loans issued by the Department of Provincial Treasury of Prince Edward Island.

During the year, Golf Links Prince Edward Island Inc. received a grant of $20,000 (2005 - nil) from the Department of Development of Prince Edward Island which has been recorded as a reduction in Golf Links expenses.

During the year, Tourism PEI received a grant of $21,600 (2005 - nil) from the Department of Development of Prince Edward Island to fund repairs. This amount has been recorded as a reduction in Provincial Parks expense.

Tourism PEI

Notes to Consolidated Financial Statements

March 31, 2006

8 Commitments

The minimum annual lease payments required over the next five years by Golf Links Prince Edward Island Inc. under operating leases for base rentals including premises in Brudenell and Mill River expiring in August 2009 and August 2075 respectively and for a vehicle lease expiring in September 2007 are as follows:

	Vehicle $	Premises $
Year ending March 31, 2007	3,306	122,224
2008	-	122,224
2009	-	50,927
2010	-	1
2011	-	1

In addition to the base lease rentals, there is a requirement to pay the company's pro-rata share, based on rented space, of the operating costs including property taxes of the premises.

9 Event management agreement commitment

Tourism PEI has entered into an agreement to co-promote an event in 2006, 2007 and 2008 which requires an annual deposit payment of $400,000. If in any year revenues of the event are not sufficient to offset all costs, Tourism PEI will be responsible for any shortfall. No liability has been recorded at March 31, 2006 for any estimated shortfall payment as any likelihood of such payment, if any, cannot be determined.

Western School Board
Financial Statements

June 30, 2005

Grant Thornton

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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees of
Western School Board

We have audited the operating and capital fund balance sheets of **Western School Board** as at June 30, 2005 and the statements of revenue, expenses and operating surplus and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2005 and the results of its operations for the year then ended in accordance with Canadian public sector accounting recommendations.

Grant Thornton LLP

Summerside, Prince Edward Island
October 28, 2005

Grant Thornton LLP
Chartered Accountants

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Western School Board
Statements of Revenue, Expenses and Operating Surplus

Year Ended June 30		2005		2004	
Revenue			%		%
Grants from the Department of Education					
Administration		$ 660,800	1.3	$ 580,700	1.2
Instructional supplies		634,100	1.2	633,200	1.4
Inservice		16,000	0.1	12,800	0.1
Professional development		35,300	0.1	34,700	0.1
Salaries and benefits		45,701,534	89.2	41,575,664	88.7
Maintenance and operation		2,935,600	5.7	2,820,150	6.0
Transportation		854,991	1.7	854,000	1.8
Other revenue (Note 5)		42,428	0.1	48,639	0.1
Special projects					
Renovations, repairs and maintenance		306,789	0.6	334,060	0.6
		51,187,542	100.0	46,893,913	100.0
Expenses	Page				
Administration	11	639,545	1.2	757,022	1.6
Instructional supplies	12	724,548	1.4	695,124	1.4
Inservice		8,756	0.1	6,999	0.1
Professional development	13	38,300	0.1	55,548	0.1
Salaries and benefits	14	45,478,693	88.8	41,516,732	88.4
Maintenance and operation	15	3,246,837	6.3	2,874,938	6.1
Transportation	16	943,827	1.8	850,322	1.8
Special projects					
Renovations, repairs and maintenance	17	106,669	0.3	137,223	0.5
		51,187,175	100.0	46,893,908	100.0
Surplus of revenue over expenses		$ 367		$ 5	

	2005	2004
Operating surplus (deficit), beginning of year	$ 5	$ (587,035)
Deficit reduction grant		587,035
Surplus of revenue over expenses	367	5
Operating surplus, end of year	$ 372	$ 5

See accompanying notes to the financial statements.

Western School Board
Balance Sheet - Operating Fund

June 30	2005	2004
Assets		
Current		
Cash	$ **420,450**	$ 109,599
Receivables		
Department of Education	**5,400,826**	2,466,253
Miscellaneous	**320,842**	366,085
	6,142,118	2,941,937
Department of Education - post-employment benefits	**5,941,689**	6,648,298
Trust Funds (Note 4)	**115,748**	115,472
	$ **12,199,555**	$ 9,705,707
Liabilities		
Current		
Payables and accruals		
General	$ **124,477**	$ 126,031
Salaries and benefits	**5,351,830**	2,460,772
Department of Education	**164,278**	144,969
Bonds and debentures	**-**	53,532
Deferred revenue (Note 6)	**501,161**	156,628
	6,141,746	2,941,932
Post-employment benefits (Note 7)	**5,941,689**	6,648,298
Trust Funds (Note 4)	**115,748**	115,472
	12,199,183	9,705,702
Surplus		
Operating surplus	**372**	5
	$ **12,199,555**	$ 9,705,707

On behalf of the Board

______________________ Trustee ______________________ Trustee

See accompanying notes to the financial statements.

Western School Board
Balance Sheet - Capital Fund

June 30 **2005** 2004

Assets

	Cost	Accumulated Depreciation	**Net Book Value 2005**	Net Book Value 2004
Land	$ 918,876		**$ 918,876**	$ 918,876
Buildings	75,814,567	$ 25,005,168	**50,809,399**	50,905,701
Furniture and equipment	10,988,699	9,440,168	**1,548,531**	1,597,395
Paving	347,172	289,572	**57,600**	76,800
Buses	7,619,560	5,727,006	**1,892,554**	1,584,522
Service vehicles	77,227	77,227		
	$ 95,766,101	$ 40,539,141	**$ 55,226,960**	$ 55,083,294

Liabilities

	2005	2004
Capital assets deferred government funding, net of amortization of $40,539,141 (2004 - $38,682,288)	**$ 55,226,960**	$ 55,083,294
Capital surplus, End of year (Page 5)	**$ 0**	$ 0

On behalf of the Board

______________________________ Trustee ______________________________ Trustee

During the year, the Board purchased capital assets of $2,299,068 (2004 - $5,591,736) which were funded by the Provincial Government of Prince Edward Island (Page 17).

See accompanying notes to the financial statements.

Western School Board
Statement of Capital Surplus

Year Ended June 30	2005	2004
Capital surplus, beginning of year	$ 0	$ 0
Add:		
Deferred government funding amortization	(2,155,402)	(2,154,879)
Deduct:		
Depreciation		
Major renovations - buildings	1,302,805	1,305,274
Buses	560,127	520,568
Furniture and equipment	273,270	281,893
Pavement	19,200	47,144
	2,155,402	2,154,879
Capital surplus, end of year	$ 0	$ 0

See accompanying notes to the financial statements.

Western School Board
Notes to the Financial Statements

June 30, 2005

1. Nature of operations

The Board operates as a not-for-profit organization that provides for primary and secondary education requirements for people within Prince County, Prince Edward Island. The Board is funded by the Department of Education of Prince Edward Island.

2. Summary of significant accounting policies

Basis of accounting

The Board follows the accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Capital assets

Capital assets are recorded at cost in the Capital Fund. Depreciation of capital assets is recorded using the diminishing balance method at the annual rate of 2.5% for buildings and 15% for furniture and equipment. Depreciation is recorded on the straight line basis for school buses at 12% and service vehicles and pavement at the rate of 20%.

Only those expenditures which exceed $25,000 are capitalized in the Capital Fund. During the year, renovations and repairs and maintenance totalling $106,669 (2004 - $137,223) were expensed in the operating fund.

Deferred government funding – capital assets

Government funding received for capital assets is deferred and amortized at the same rates as the related capital assets.

Revenue recognition

The Board follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Western School Board
Notes to the Financial Statements
June 30, 2005

2. Summary of significant accounting policies (cont'd)

Retirement allowances and vacation pay

Retirement allowances are actuarially determined based on assumptions and calculations provided by the Province of Prince Edward Island. Vacation pay is accrued as earned.

Deferred revenue

The unexpended portion of grants received for specific purchases is deferred and used for the related future purchases.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdraft.

Pension plans

Instructional employees of the Board are members of the Teacher Superannuation pension plan of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island.

Non-instructional employees are members of the Prince Edward Island Education Sector Pension Plan with both defined benefit / defined contribution components. The expense of the Board is limited to a matching contribution equal to the employee's portion.

Western School Board
Notes to the Financial Statements
June 30, 2005

3. Change in accounting policies

During the year, the School Board changed its method of reporting future retirement allowances within the Recommendation in Section PS 3255 "Post – Employment Benefits Compensated Absences and Termination Benefits" of the CICA Handbook and its method of reporting capital assets within recommendation in Section PS 3150 "Tangible Capital Assets" of the CICA Handbook

As a result, the June 30, 2004 figures presented for comparative purposes have been restated from those previously reported.

The following is a summary of the restatement:

	As restated	As previously reported
Statements of Revenue, Expenses and Operating Surplus		
Revenue		
Grants from the Department of Education	$ -	$ 330,700
Unfunded depreciation	-	2,154,880
Special projects		
School renovations and equipment	334,060	5,595,096
Expenses		
Capital expenditures	-	133,863
Depreciation	-	2,154,880
Special projects		
School renovations and equipment	137,223	5,595,096
Balance Sheet – Operating Fund		
Department of Education – post-employment benefits	6,648,298	-
Post-employment benefits	6,648,298	-
Balance Sheet – Capital Fund		
Capital asset deferred government funding	55,083,294	-
Surplus	-	55,083,294
Statement of Capital Surplus		
Capital surplus, beginning of year	-	51,646,437
Add: total capital additions	-	5,591,736
Grant amortization	2,154,879	-
Capital surplus, end of year	-	55,083,294

Western School Board
Notes to the Financial Statements
June 30, 2005

4. Trust funds

Trust funds are comprised of contributions from various sources that are maintained by the Board. The interest that is earned on the contributions may be disbursed for specified educational purposes. Investments are recorded at cost and are comprised of GIC's. Cost approximates fair market value.

5. Other revenue

	2005	2004
Interest	$ 61	$ 107
Rentals	37,879	36,558
Gain on sale of assets	4,488	3,539
Insurance proceeds	-	8,435
	$ 42,428	$ 48,639

6. Deferred revenue

	2005	2004
Funds designated for:		
Bus repair contingency fund	$ 21,909	-
Capital funding	13,072	$ 100,000
Equal Chances at Learning	-	10,547
Pilot projects	50,852	30,490
Teaching Strategies	1,485	770
Inclusion	2,156	2,156
Other	11,687	12,665
Transportation	400,000	-
	$ 501,161	$ 156,628

Western School Board
Notes to the Financial Statements
June 30, 2005

7. Post-employment benefits

An analysis of the components of, and changes in, post-employment benefits liabilities is as follows:

	2005	2004
Retirement allowance		
Balance, beginning of year	**$ 6,813,233**	$ 6,804,485
Current service cost	**433,013**	410,806
Interest accrued	**450,017**	444,593
Less: payments made	**(725,632)**	(846,651)
Balance, end of year	**6,970,631**	6,813,233
Vacation pay	**335,000**	390,000
	7,305,631	7,203,233
Less: current portion	**(1,363,942)**	(554,935)
	$ 5,941,689	$ 6,648,298

The retirement allowance numbers are based on an independent actuarial valuation provided to the Pension and Benefits Division of the Province Of Prince Edward Island Civil Service Commission estimating the components of the total provincial retirement allowance as of April 1, 2002. The Province Of Prince Edward Island projects the total liability in the years between the tri-annual actuarial valuations and has allocated the liability to the three School Board Regions. The next independent actuarial valuation is to be provided for the next fiscal period.

The economic assumptions used in determining the actuarial value of accrued retirement allowances were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuations and projections are:

Rate of return	6.75% per annum
Expected inflation rate	3.25% per annum

Expected average remaining service life 13 years.

At June 30, 2005 unamortized losses were $305,422 (2004- $340,327). These losses will be amortized over the expected average remaining service life of the employee group.

8. Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

Western School Board
Schedule of Administration Expenses

Year Ended June 30	2005	2004
Advertising	$ **18,143**	$ 47,104
Bank charges	**142**	29
Computer software	**1,004**	737
Courier services	**22,520**	25,630
Employee allowances	**372**	317
Equal chances at learning	**1,869**	-
Freight and express	**578**	829
Graduation expenses	**2,111**	1,841
Insurance	**73,704**	73,241
Miscellaneous	**6,347**	39,839
Non-capital equipment	**10,109**	33,093
Photocopying	**5,992**	4,690
Postal services	**15,438**	17,241
Printing	**21,998**	22,644
Professional services	**65,006**	89,061
Public/staff relations	**32,507**	28,794
Student relations	**4,786**	11,288
Supplies	**47,695**	43,883
Telephone	**126,723**	140,403
Travel - staff	**115,206**	117,918
Trustee expenses	**13,996**	9,714
Trustee professional development	**24,113**	19,023
Trustee remuneration	**29,186**	29,703
	$ **639,545**	$ 757,022

Western School Board
Schedule of Instructional Expenses

Year Ended June 30	2005	2004
Program		
Art	$ 14,479	$ 9,051
A / V services	22,118	15,331
Career and technology studies	13,738	12,898
Computer literacy	3,837	2,532
Computer software	538	892
Co-operative education	-	86
Drama	1,085	794
Duplicating / photocopying	198,402	211,456
English / language arts	1,693	1,310
Enrichment education	58	132
Family living / home economics	13,393	11,592
French	2,185	1,174
Guidance	3,482	2,611
Health / first aid	3,480	2,875
Industrial arts	23,972	24,354
Language development	2,366	518
Library / resource centre	50,978	50,797
Mathematics	766	754
Miscellaneous	25,199	5,556
Music	29,794	27,432
Non-capital equipment	43,937	61,740
Physical education	34,311	30,377
Resource room / remedial	2,563	3,082
School psychologist	7,029	7,503
Science	18,070	9,986
Social studies	475	2,040
Special education	20,680	14,938
Supplies	100,566	93,175
Vocational (agricultural)	958	912
Vocational (business)	852	1,359
Vocational (carpentry)	27,133	29,581
Vocational (computer repair)	521	-
Vocational (cosmetology)	5,736	5,009
Vocational (robotics)	1,405	2,428
Vocational (electronics)	5,465	2,141
Vocational (graphics / drafting)	10,101	9,672
Vocational (motor vehicle)	15,794	23,695
Vocational (small engines)	1,955	2,060
Vocational (welding)	15,434	13,281
	$ 724,548	$ 695,124

Western School Board
Schedule of Professional Development Expenses

Year Ended June 30	2005	2004
Administrative group	$ 1,386	$ 3,302
Board consultants	2,224	3,150
Board Office - admin support	1,918	300
Instructional management	5,806	14,189
Little Red School House	4,321	4,483
Maintenance group	4,410	4,755
Non-instructional management	776	3,718
School - admin support	833	1,155
School - supervisory	2,252	-
School teachers	11,284	10,100
Teacher assistants	2,064	631
Transportation group	1,026	9,765
	$ 38,300	$ 55,548

Western School Board
Schedule of Salaries and Benefits Expenses

Year Ended June 30	2005	2004
Board administration support	$ 748,527	$ 591,040
Board supervisory	870,255	570,608
Instructional supervisory	3,504,614	3,332,314
Instructional non-supervisory	29,610,092	27,370,897
Maintenance and operation	3,451,499	2,952,776
School administration support	1,013,166	941,125
Teacher assistants and EAP Youth Workers	3,054,679	2,738,900
Transportation	3,225,861	3,019,072
	$ 45,478,693	$ 41,516,732

Note:

Board administration support includes board office, clerical and secretarial staff.

Board supervisory salaries include superintendent, director of instruction and special education, director of human resources development, business director and consultants.

Instructional supervisory salaries include principals, vice-principals, department heads and co-ordinators.

Instructional non-supervisory salaries include all teaching staff excluding those listed above.

Maintenance and operations salaries include building and maintenance supervisor, janitorial and maintenance staff.

School administration support includes school secretarial staff.

Transportation salaries include transportation supervisor, bus driver staff and bus depot staff.

Retirement pay and service gratuity expenses are included in the applicable expense categories above.

Western School Board
Schedule of Maintenance and Operation Expenses

Year Ended June 30	2005	2004
Building repairs	$ 349,099	$ 313,998
Contract cleaning	4,266	2,596
Electricity	847,299	851,454
Employee allowances	8,897	8,804
Equipment and furniture repairs	60,710	73,433
Fire department dues	613	642
Fuel - heating	1,173,942	841,325
Grounds	51,569	64,824
Insurance	105,767	113,022
Miscellaneous	89	996
Non-capital equipment	13,885	12,954
Professional services	23,053	7,772
Property taxes	5,701	5,631
Rentals - equipment	9,608	8,960
Rentals - facilities	109,540	93,708
Security	30,428	14,761
Service contracts	33,266	45,017
Service vehicles - operating	11,429	11,260
Sewer charges	33,872	30,636
Snow removal	68,911	77,670
Supplies	165,205	168,583
Waste disposal	120,076	109,461
Water	19,612	17,431
	$ 3,246,837	$ 2,874,938

Western School Board
Schedule of Transportation Expenses

Year Ended June 30	2005	2004
Bus repairs	$ 203,082	$ 186,415
Communications	66,635	55,143
Contracted transportation	11,634	19,297
Electricity and employee allowances	2,723	3,984
Extra curricular	17,456	13,398
Fuel - diesel	497,004	381,629
- gasoline	22,006	31,969
Insurance	38,381	62,379
Miscellaneous	3,814	3,103
Non-capital equipment	2,510	4,004
Oil/lubricants	19,588	16,097
Professional services	19,400	17,499
Service contracts	1,620	1,375
Snow removal	7,414	13,389
Supplies	5,296	5,745
Tires	25,264	34,896
	$ 943,827	$ 850,322

Western School Board
Schedule of Capital Expenditures

Year Ended June 30	Greater than $25,000	Less than $25,000	**Total 2005**	Total 2004
Audio visual equipment		$ 2,925	**$ 2,925**	$ 5,843
Building renovations	$ 1,206,503	15,727	**1,222,230**	5,184,816
Classroom equipment, furniture	224,406	24,907	**162,386**	320,126
Computer equipment				
- administration		12,082	**12,082**	5,827
- program		19,981	**19,981**	7,937
- home ec/family living		1,186	**1,186**	
Janitorial equipment		1,621	**1,621**	3,254
Miscellaneous equipment		8,555	**8,555**	4,156
Music equipment		882	**882**	10,388
Office/administration equipment and furniture		3,311	**3,311**	
Paving				96,000
Physical education equipment				1,530
Playground equipment		2,905	**2,905**	3,058
School buses	868,159	5,524	**873,683**	242
Service vehicles		5,873	**5,873**	19,896
Vehicle repair equipment				31,357
Vocational equipment		1,190	**1,190**	34,529
	$ 2,299,068	$ 106,669	**$ 2,405,737**	$ 5,728,959

During the year, the Board purchased capital assets of $2,299,068 (2004 - $5,591,736) which were funded by the Provincial government of Prince Edward Island.

During the year, renovations and repairs and maintenance totalling $106,669 (2004 - $137,223) were expensed in the operating fund.

Financial Information

Workers Compensation Board
of Prince Edward Island

Preface to the Audited Financial Statements

2005 Financial Reporting Changes

During the 2004 year, all Workers Compensation Boards in Canada were required to change their investment accounting policy in their financial statements as a result of new standards introduced by the Canadian Institute of Chartered Accountants. Investments must now be recorded at their fair value which is essentially their market value.

Under the old policy, Workers Compensation Boards in Canada had smoothed gains and losses on the sales of investments over five years rather than recording them entirely in the year they were sold. The result of doing this was to reduce the volatility experienced in the Board's financial results as the annual investment income was more comparable to the long term rate of return than rates experienced over the short term. This gave stability to assessment rates and ensured that annual assessment rates were not set based on volatile annual investment returns.

Under the new policy, gains and losses are recognized in the year they occur. This introduces a significant amount of volatility to the Board's financial results. As is outlined in the 2005 financial statements, the Board's financial position is $9.8 million better in 2005 than it would have been under the old investment policy.

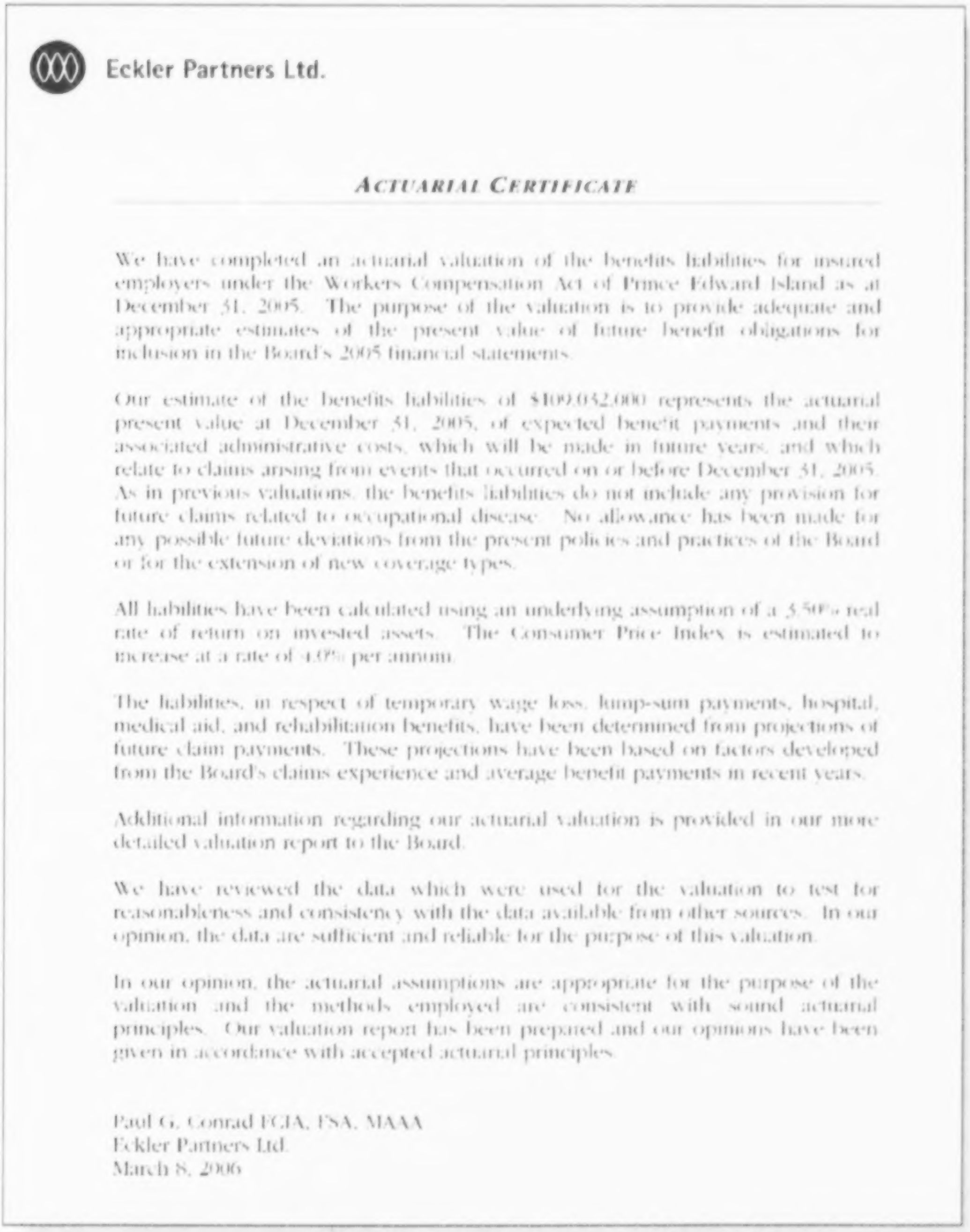
The Board's funded percentage, as determined on its traditional method of recording investments was 90.8% at the end of 2005 compared with 83.1% at the end of 2004. The adoption of the new accounting standards for investments increased the funding ratio at the end of 2005 to 99.7%.

The Board cannot use an accounting policy alone to drive its key business decisions. Assessment rates for employers and benefit levels for injured workers cannot be based on short-term, annual investment gains, which by their nature, are unpredictable and not guaranteed to be sustained over the long term. The Board's financial capacity to lower rates or increase benefits has to continue to be based on the long-term expectation for investment returns. As a result, the Board intends to continue setting assessment rates based on the long-term expected rate of return rather than short-term results.

In January 2002, the Board developed a funding strategy to eliminate the unfunded liability over a 20 year period. This strategy was developed under the old policy of recording investment revenues. As the funding strategy is a long term plan, it makes sense to record investment returns using a long term rate of return. This would make it impractical to adopt the new investment policy and move to a short term view of investment returns for the funding strategy. As a result, the funding strategy will continue to be evaluated based on the long term rate of return for investments.

We expect the Board to maintain strong financial results despite fluctuations and erratic movements of the investment market. We will also continue to be prudent when recognizing investment gains and losses over a reasonable time period when setting rates and evaluating the funding strategy.

Actuarial Certificate



Eckler Partners Ltd.

ACTUARIAL CERTIFICATE

We have completed an actuarial valuation of the benefits liabilities for insured employers under the Workers Compensation Act of Prince Edward Island as at December 31, 2005. The purpose of the valuation is to provide adequate and appropriate estimates of the present value of future benefit obligations for inclusion in the Board's 2005 financial statements.

Our estimate of the benefits liabilities of $109,032,000 represents the actuarial present value at December 31, 2005, of expected benefit payments and their associated administrative costs, which will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2005. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease. No allowance has been made for any possible future deviations from the present policies and practices of the Board or for the extension of new coverage types.

All liabilities have been calculated using an underlying assumption of a 3.50% real rate of return on invested assets. The Consumer Price Index is estimated to increase at a rate of 4.0% per annum.

The liabilities, in respect of temporary wage loss, lump-sum payments, hospital, medical aid, and rehabilitation benefits, have been determined from projections of future claim payments. These projections have been based on factors developed from the Board's claims experience and average benefit payments in recent years.

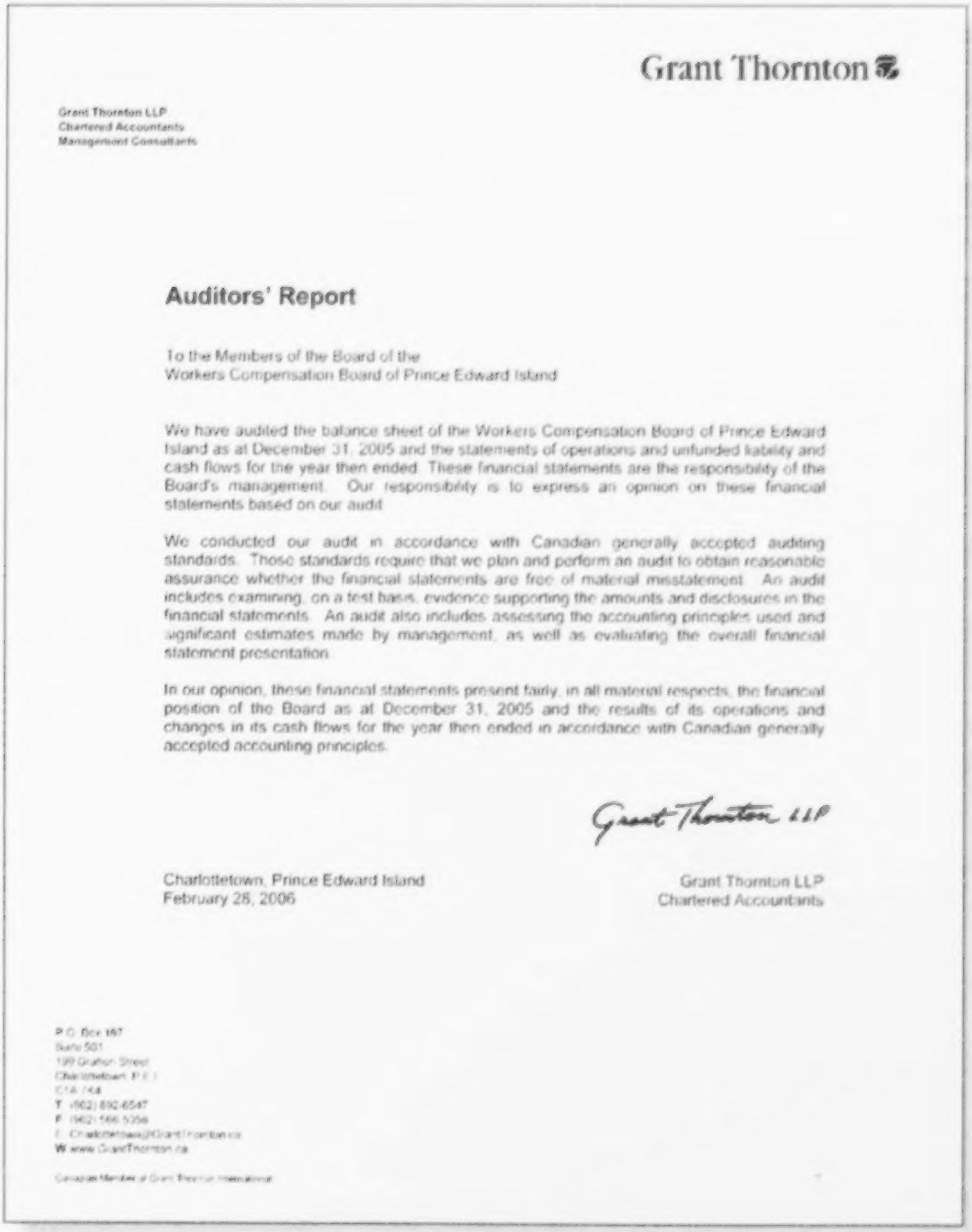
Additional information regarding our actuarial valuation is provided in our more detailed valuation report to the Board.

We have reviewed the data which were used for the valuation to test for reasonableness and consistency with the data available from other sources. In our opinion, the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul G. Conrad FCIA, FSA, MAAA
Eckler Partners Ltd.
March 8, 2006

Auditors' Report



Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of the
Workers Compensation Board of Prince Edward Island

We have audited the balance sheet of the Workers Compensation Board of Prince Edward Island as at December 31, 2005 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2005 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown, Prince Edward Island
February 28, 2006

Grant Thornton LLP
Chartered Accountants

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Financial Statements

STATEMENTS OF OPERATIONS AND UNFUNDED LIABILITY

Year Ended December 31	2005	2004
Revenues		
Current assessments	$ 25,852,597	$ 25,651,520
Self-insured employers (Note 10)	2,097,635	2,290,631
Investments (Notes 2 and 4)	8,198,392	6,691,824
Recoverable administration fees and interest charges to self-insured employers (Note 10)	639,149	480,133
	36,787,773	35,114,108
Expenditures		
Expected increase (Note 9)	7,919,000	7,975,000
Changes in actuarial assumptions and methodology (Note 9)	(496,000)	1,993,000
Experience gains (Note 9)	(2,661,000)	(8,203,000)
Claims and administrative costs incurred (Note 9)	12,056,000	11,663,000
Claims costs incurred for self-insured employers (Note 10)	2,097,635	2,290,631
	18,915,635	15,718,631
	17,872,138	19,395,477
Administration (Page 31)	5,178,441	4,750,022
Workers' Advisor Program (Note 8)	157,981	144,884
Employers' Advisor Program (Note 8)	72,194	63,169
Appeals Tribunal (Note 8)	18,191	16,281
	5,426,807	4,974,356
Excess of revenues over expenditures	$ 12,445,331	$ 14,421,121
Unfunded liability, beginning of year	$ (12,731,823)	$ (27,152,944)
Excess of revenues over expenditures	12,445,331	14,421,121
Unfunded liability, end of year	$ (286,492)	$ (12,731,823)

See accompanying notes to the financial statements.

Financial Statements

BALANCE SHEET

December 31	2005	2004
Assets		
Receivables (Note 3)	**$ 612,988**	$ 552,632
Investments (Notes 2 and 4)	**104,934,664**	90,817,240
Capital assets (Note 5)	**3,745,961**	3,649,990
	$ 109,293,613	$ 95,019,862
Liabilities and Net Fund Deficiency		
Payables and accruals	**$ 404,816**	$ 554,376
Debenture payable (Note 7)	**143,289**	293,309
Benefits liabilities (Note 9)	**109,032,000**	106,904,000
	109,580,105	107,751,685
Net fund deficiency and unfunded liability (Note 12)	**(286,492)**	(12,731,823)
	$ 109,293,613	$ 95,019,862

Contingent liabilities (Note 11)

On behalf of the Board

Chairman

Carol Anne Duffy Chief Executive Officer

See accompanying notes to the financial statements.

Financial Statements

STATEMENT OF CASH FLOWS

Year Ended December 31	2005	2004
Cash flow from operating activities		
Cash received from:		
Employers for assessments	**$ 25,693,449**	$ 26,983,462
Self insured employers for assessments	**2,224,769**	2,210,229
Investments and other	**8,170,050**	8,354,630
	36,088,268	37,548,321
Cash paid:		
To claimants or third parties on their behalf	**(15,890,635)**	(15,484,631)
For administration requirements and other goods	**(1,253,227)**	(1,200,112)
For salaries to employees	**(4,090,557)**	(3,978,135)
Interest on long term debt and capital leases	**(9,681)**	(15,160)
	(21,244,100)	(20,678,038)
Net cash provided by operating activities	**14,844,168**	16,870,283
Cash flow from investing activities		
Cash paid for the purchase of capital assets	**(576,724)**	(1,406,304)
Cash flow from financing activities		
Repayment of long term debt	**(150,020)**	(150,019)
Net increase in cash and investments	**14,117,424**	15,313,960
Cash and investments		
Beginning of year	**90,817,240**	75,503,280
End of year	**$ 104,934,664**	$ 90,817,240

See accompanying notes to the financial statements.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

1. Nature of operations

The Workers Compensation Board of Prince Edward Island (the Board) was established by the Prince Edward Island Legislature in 1949 under the *Workers Compensation Act*. The Board has a mandate for the administration of a workers compensation system as defined by the *Workers Compensation Act* and for the administration of health and safety programs as defined by the *Occupational Health and Safety Act*.

The nature of operations includes administering payments of benefits to or on behalf of workers, levying and collecting assessment revenues from employers, investing Board funds, inspecting Prince Edward Island workplaces, enforcing health and safety standards defined by legislation and delivering health and safety education and prevention programs. The current *Workers Compensation Act* became effective on January 1, 1995. The current *Occupational Health & Safety Act* became effective on May 20, 2004.

The Board does not receive government funding.

2. Summary of significant accounting policies

Cash and investments
Cash and investments include cash on hand, balances with banks, net of bank overdrafts, and the Board's share of investments held in a pooled fund with the Workplace Health, Safety and Compensation Commission of New Brunswick. Bank borrowings are considered to be financing activities.

Assessment revenues
Assessments are billed when employers file their insurable payroll for the current assessment year. Assessment revenues for the year are recognized on an estimated basis as insurable payroll is incurred. For employers who have not filed, assessments are estimated.

Self-insured employers are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of the self-insured employers. As such, assessment revenues from self-insured employers are recognized as these costs are incurred.

Accrued assessments receivable
At the beginning of each year, an assessment is levied on non-monthly employers by applying industry assessment rates to their estimated payrolls. During the year, employers' actual payrolls may vary from their estimate; therefore, at year end, accrued assessments receivable are adjusted based on payroll adjustments from the prior year. The accrued assessments are determined excluding those employers whose assessments are levied on a monthly basis.

Investments
The Board has classified its investments as held for trading. As such, investments are recorded at their fair value. Interest revenues, dividends, realized gains and losses are recorded as investment revenue in the year they occur. Unrealized gains and losses are recorded at year end based on the fair value of the investments.

Equity investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from equities is translated at the rate in effect at the time the income is received.

2. Summary of significant accounting policies (cont'd)

Capital assets

Property and equipment are reported at cost and are depreciated over their estimated lives on the straight line basis for building and on the declining balance basis for furniture and fixtures and computer programs and equipment. Assets are depreciated at 50% of the applicable rate in the year of acquisition. The rates used are as follows:

Building	40 years, straight line
Furniture and fixtures	10%, declining balance
Computer programs and equipment	20%, declining balance

Benefits liabilities

An independent consulting actuary completes a valuation of the components of the benefits liabilities of the Board on an annual basis.

The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation policies and administrative practices in respect of existing claims.

The Board believes that the amount provided for benefit liabilities as at December 31, 2005 is adequate, recognizing that actuarial assumptions as disclosed in Note 9 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

Financial instruments

The Board's financial instruments consist of cash, accounts receivable, temporary and long-term investments, bank indebtedness, accounts payable, and long-term debt. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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3. Receivables

	2005	2004
Assessments	**$ 1,224,889**	$ 1,047,576
Accrued assessments	**(687,805)**	(669,640)
Other	**107,311**	78,969
Self-insured employers (payable)	**(31,407)**	95,727
	$ 612,988	$ 552,632

4. Investments

	2005	2004
Money market	**$ 5,126,148**	$ 4,034,896
Fixed term investments	**34,727,620**	29,727,568
Equities	**65,080,896**	57,054,776
	$104,934,664	$ 90,817,240

Investment income		
Earned during the year, net of portfolio management expenses	**$ 2,388,302**	$ 2,131,463
Realized investment gains	**4,803,423**	4,308,162
Unrealized investment gains	**1,006,667**	252,199
	$ 8,198,392	$ 6,691,824

Investment agreement

The Board has entered into an Investment Agreement (January 1995) for the management of its investment assets with those of the Workplace Health, Safety and Compensation Commission of New Brunswick. These financial statements report the Board's proportionate share of the investment assets held in the pooled fund which was 11.58% at December 31, 2005 (2004 – 11.28%). The Board pays a fee to the Workplace Health, Safety and Compensation Commission of New Brunswick for the administration of the combined investments.

Foreign exchange risk management

The Board has certain investments denominated in foreign currencies. The Board does not undertake long term hedging strategies for the currency risk of foreign investments. Currency fluctuations may affect investment returns.

Credit risk management

Credit risk on fixed term investments arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Policy guidelines have been established surrounding the pooled fund to ensure fixed term investments have a credit rating of A or higher.

Interest risk management

Fluctuations in interest rates are managed by varying the duration of the fixed income portfolio. The table below presents the remaining term to maturity of the Board's outstanding fixed term investments.

	Remaining Term to Maturity				
	Within 1 Year	From 1 Year to 5 Years	Over 5 Years	**Total 2005**	Total 2004
Fixed term investments (market value)	$ 230,359	$ 14,227,922	$ 20,269,339	**$ 34,727,620**	$ 29,727,568

The average effective yield of these fixed term investments is 4.33% (2004 – 4.13%) per annum based on market value.

5. Capital assets

	Cost	Accumulated Depreciation	**2005** **Net Book Value**	2004 Net Book Value
Land	$ 368,460		**$ 368,460**	$ 368,460
Building	1,436,945	$ 295,215	**1,141,730**	1,037,250
Furniture and fixtures	1,773,679	1,345,875	**427,804**	475,338
Computer programs and equipment	4,221,884	2,413,917	**1,807,967**	1,768,942
	$7,800,968	$4,055,007	**$3,745,961**	$3,649,990

6. Bank indebtedness

The Board has a $500,000 unsecured operating line of credit of which nil is used at December 31, 2005.

7. Debenture payable

	2005	2004
Unsecured, prime rate debenture maturing in 2006, amortized to 2006, payable in equal monthly payments of $12,502 plus interest.	**$ 143,289**	$ 293,309

8. Legislative obligations and other related party transactions

The Board is required by the Act to provide an annual grant to the Workers' Advisor Program. The Workers' Advisor Program operates autonomously from the Board and assists workers or dependants of workers in respect of claims for compensation. During the year, the Board paid $157,981 (2004 - $144,884) of the Program's expenses.

The Board is required by the Act to provide an annual grant to the Employers' Advisor Program. The Employers' Advisor Program operates autonomously from the Board and assists employers in respect of classifications, assessments and claims for compensation. During the year, the Board paid $72,194 (2004 - $63,169) of the Program's expenses.

The Board is required by the Act to pay the operating costs of the Appeals Tribunal. During the year, the Board paid $18,191 (2004 - $16,281) to cover the operating costs of the Tribunal.

9. Benefits liabilities

An analysis of the components of and changes in benefits liabilities is as follows:

						2005	2004
	Temporary Wage Loss	Pension and Extended Wage Loss	Health Care	Rehabilitation	Administration	**Total**	Total
Balance, beginning of year	$4,174,000	$78,195,000	$ 15,043,000	$ 2,967,000	$ 6,525,000	**$106,904,000**	$107,528,000
Expected increase	299,000	5,799,000	1,117,000	221,000	483,000	**7,919,000**	7,975,000
Change in actuarial assumptions and methodology	-	(1,483,000)	1,003,000	14,000	(30,000)	**(496,000)**	1,993,000
Experience (gains) and losses	1,211,000	(4,276,000)	631,000	(65,000)	(162,000)	**(2,661,000)**	(8,203,000)
	5,684,000	78,235,000	17,794,000	3,137,000	6,816,000	**111,666,000**	109,293,000
Costs incurred	3,100,000	4,270,000	3,228,000	722,000	736,000	**12,056,000**	11,663,000
	8,784,000	82,505,000	21,022,000	3,859,000	7,552,000	**123,722,000**	120,956,000
Less: Payments made	(3,468,000)	(6,026,000)	(3,540,000)	(759,000)	(897,000)	**(14,690,000)**	(14,052,000)
Balance, end of year	$ 5,316,000	$76,479,000	$ 17,482,000	$ 3,100,000	$ 6,655,000	**$109,032,000**	$106,904,000

An independent actuarial valuation of the components of the benefits liabilities as at December 31, 2005 was completed.

Changes in actuarial assumptions and methodology

During the 2005 actuarial valuation, certain assumptions and methodology were changed. The monetary effect is allocated as follows:

	2005	2004
Change in rate of return assumptions	**$ -**	$ 1,993,000
Indexing certain wage loss beneficiaries	**1,076,000**	-
Change in wage loss inflation assumption	**(3,575,000)**	-
Increase in medical costs assumptions	**1,083,000**	-
Decrease of average assumed age at accident	**920,000**	-
	$ (496,000)	$ 1,993,000

The monetary effect of the changes in actuarial assumptions and methodology is reflected in the year that the change was adopted.

All liabilities were calculated using the underlying assumption of a 7.5% (2004 - 7.5%) gross rate of return per annum. This results from the assumptions of a real rate of return on assets of 3.5% (2004 – 3.5%) and an increase in inflation of 4% per annum (2004 – 4%).

Benefits liabilities of self-insured employers are not included in the benefits liability. These liabilities will be borne by those employers when paid in future years, they do not add to the Board's unfunded liability or its net fund deficiency.

10. Self-insured employers

These financial statements include the effects of significant transactions carried out for self-insured employers, principally the Government of Canada and the Government of Prince Edward Island, who directly bear the costs of their own incurred claims and an appropriate share of administration expenditures. Total amounts of such assessment revenue and offsetting expenses included in the statements of operations and unfunded liability are as follows:

	2005	2004
Current assessment revenue	**$ 2,097,635**	$ 2,290,631
Administration fees and interest charges recoverable	**639,149**	480,133
	$ 2,736,784	$ 2,770,764
Claims costs incurred		
Short term disability	**$ 259,406**	$ 176,858
Long term disability	**1,359,277**	1,646,894
Health care	**471,623**	444,489
Rehabilitation	**7,329**	22,390
	2,097,635	2,290,631
Administration fees and interest charges	**639,149**	480,133
	$ 2,736,784	$ 2,770,764

11. Contingent liabilities

Latent occupational diseases

The Board is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in the financial statements.

12. Funding strategy

The Board has committed to a funding strategy that addresses the retirement of the unfunded liability as at December 31, 2001 over 20 years (2001 – 2021) and addresses the refund or recovery of post-December 31, 2001 surpluses or deficits. Each year, a portion of the assessment revenue will be allocated to the December 31, 2001 unfunded liability. The estimated opening balance of the unfunded liability at January 1, 2002 for the funding strategy was $32,000,000. Although, per CICA accounting changes, investments have been recorded in the financial statements using the fair value method, investment revenue for funding strategy purposes continues to be recorded using the smoothing method. This continues to be in effect for consistency with the accounting standards in place when the funding strategy was developed.

December 31, 2001 unfunded liability	
January 1, 2005 balance	$(29,700,000)
2005 allocation	900,000
December 31, 2005	$(28,800,000)
Post-December 31, 2001 operating surplus	
January 1, 2005 balance (as previously reported)	$ 11,487,639
2005 excess of revenue over expenditures (Page 21)	12,445,331
2005 adjustment to record revenue using the smoothing method	(4,362,587)
Allocation to December 31, 2001 unfunded liability	(900,000)
Post-December 31, 2001 operating surplus	$ 18,670,383
Investment reconciliation to the smoothing method	
January 1, 2005 balance	$ 5,480,538
2005 adjustment to record revenue using the smoothing method	4,362,587
	$ 9,843,125
Net fund deficiency and unfunded liability	**$ (286,492)**

A comprehensive review of the funding strategy will be conducted by the Board every 5 years. The commitment to fund the December 31, 2001 unfunded liability to the next comprehensive review date, December 31, 2006, is $1,000,000.

Any post-December 31, 2001 unfunded liability or operating surplus is to accumulate to December 31, 2006. Any accumulated unfunded liability is to be applied proportionately at the group rate level in years 2007-2011. Any accumulated operating surplus is, at the discretion of the Board, to be refunded through assessment rate decreases in the years 2007-2011 or reduce the amortization time period of the December 31, 2001 unfunded liability.

13. Comparative figures

The 2004 comparative figures have been reclassified to conform to the 2005 financial statement presentation.

Workers Compensation Board of Prince Edward Island

Schedule of Administration Expenditures

Year Ended December 31	2005	2004
Building operating cost	$ 161,746	$ 132,582
Communications, printing and office supplies	196,631	142,020
Computer maintenance	185,953	187,826
Depreciation	480,753	356,572
Dues and fees	50,495	51,602
Interest on debenture	9,681	15,160
Miscellaneous	28,270	36,330
Postage	86,155	80,493
Professional development	53,892	31,110
Professional fees	475,948	313,689
Salaries		
Board members	77,615	91,572
Staff members	3,438,332	3,329,810
Benefits	574,610	556,753
Telephone	69,431	64,802
Travel	185,929	217,701
	6,075,441	5,608,022
Less allocation to benefits liabilities (Note 9)	(897,000)	(858,000)
	$ 5,178,441	$ 4,750,022